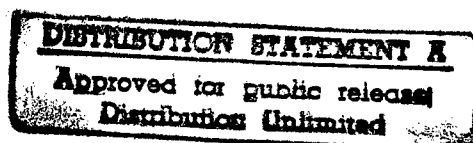


JPRS-EER-91-124
16 AUGUST 1991



JPRS Report



East Europe

19980202 147

DMC QUALITY INSPECTED 3

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA 22161

East Europe

JPRS-EER-91-124

CONTENTS

16 August 1991

BULGARIA

Social Democratic Club Criticizes BSDP [DEMOKRATSIYA 6 Jul]	1
Civic Initiative Movement Leader Interviewed [ANTENI 12 Jun]	2

CZECHOSLOVAKIA

Cuba Interviewed on Continuing Slusovice Problems [SVET V OBRAZECH 11 Jul]	5
Tax Reform Principles Briefly Outlined [HOSPODARSKE NOVINY 18 Jul]	8
Joint-Venture Statistics Published [PODNIKOVA ORGANIZACE Jun]	9

HUNGARY

EC Integration Alternatives Analyzed [FIGYELO 18 Jul]	12
Culture Minister Andrasfalvi Bertalan Interviewed [Bucharest ROMANIA LIBERA 16 Jul]	13
Breach of Contract: U.S. Firm To Sue MALEV	14
MALEV: Letter of Intent [NEPSZABADSAG 24 Jul]	14
P&W Cites Documents, Statements [NEPSZABADSAG 25 Jul]	15
Other Business Unaffected [MAGYAR HIRLAP 25 Jul]	15
Agreement on Privatizing Foreign Trade Units [FIGYELO 25 Jul]	16
Small Business Funds Progress Report	16
'Existential Fund' [FIGYELO 25 Jul]	16
New Dutch Fund [FIGYELO 25 Jul]	17
Official on Breaking Up State Monopolies [FIGYELO 18 Jul]	17
MNB Gold Reserves Sold at Beginning of 1991 [MAGYAR HIRLAP 22 Jul]	19
Electoral Alliance of Democratic Left Groups [TRYBUNA 17 Jul]	24
Preelection Party, Press Alliances Satirized [PRZEGLAD TYGODNIOWY 9 Jun]	24
Office, Competencies of General Prosecutor Viewed [ZYCIE WARSZAWY 16 Jul]	25
Military Emblems, Standards, Flags Revised [GAZETA WYBORCZA 17 Jul]	28
400 Firms Chosen for Accelerated Privatization [RZECZPOSPOLITA 18 Jul]	29
Unilot Firm Aims for Ultramodern Computers [RYNKI ZAGRANICZNE 16 Jul]	39

ROMANIA

Views of PUNR Senator Motiu Assessed [ROMANIA LIBERA 16 Jul]	40
--	----

YUGOSLAVIA

Croatian Government Errors Examined [DANAS 30 Jul]	41
Slovene Official Interviewed on U.S. Visit [NEODVISNI DNEVNIK 24 Jul]	44
Slovene Goodwill Mission Visits Yugoslav Republics [DELO 26 Jul]	46

Social Democratic Club Criticizes BSDP

91BA0911A Sofia DEMOKRATSIYA in Bulgarian
6 Jul 91 p 5

["Text" of statement by the Krust'o Pastukhov Social Democratic Club in Sofia on 2 June: "Triumph of Fundamentalists in the Bulgarian Social Democratic Party?"]

[Text] The resolutions adopted at the meeting of the National Committee of the BSDP [Bulgarian Social Democratic Party] on 30 June 1991 took the party almost to the brink of self-exclusion from the SDS [Union of Democratic Forces] and to its total isolation within the union. This became apparent the very next day at the voting of the SDS NKS [National Coordinating Council]. The decisions that were passed, as well as the preamble in the "note," are thick with inaccuracies and ignorance of realities and the political inadequacy of the Bulgarian Social Democratic Movement, which was typical of the 1940's! The lack of consideration for and neglect of the party's present partners in the SDS, and the belittling and defaming of the efforts of the entire true democratic opposition in the country have turned the BSDP leadership into a Trojan horse among the supporters of uncompromising and radical decommunization. The historical parameters and unwitting comparisons with the past speak of a political anachronism displayed by people with an archaic manner of thinking, "romantically" tied to the past and painfully trapped by their memories....

Let us consider in somewhat greater detail the so-called notes and resolutions that were passed:

1. To question the legitimacy of the SDS National Conference of 22 June 1991 is, to say the least, dishonorable! For the time being, this is the most representative forum of the union since it was founded! The demands of the BSDP to have more than 3,000 delegates is absurd! It should be known that the structuring of the SDS in the localities is an exceptionally dynamic process (new organizations of parties and movements join the SDS, others merge, still others disappear, and most of them are short of funds), so that even the National Coordination sector of the SDS lacks any kind of roughly accurate information on the nature of representation in the OKS [Obshtina Coordinating Council]. Then there was a democratically elected mandate commission, whose purpose was to check on the legitimacy of the delegates, the conference, and the quorum in decisionmaking. At that time, no one disputed the legality of this SDS representative forum, and it is not proper to do so today!

2. The resolutions voted at the conference were precisely those drafted by the democratically elected special commission on draft resolutions. The texts were amended and voted upon once again strictly at the request of the delegates, which is normal for a developing political structure after 45 years of totalitarian darkness. The claim that a struggle exists between the Group of 39 and the Sofia City SDS Coordinating Council is speculative because the decisions were made by the delegates, who made them most categorically!

3. There was intolerance but not of other people's views, in general, and not concerning the representatives of the six parties and organizations that founded the SDS, but of some of their specific leaders because more than two-thirds of the conference delegates were precisely the representatives of the "moderate parties and movements within the SDS" and the "leading forces of the democratic opposition in the country" (BSDP, BZNS-NP [Nikola Petkov Bulgarian National Agrarian Union], the Green Party, Ecoglasnost, the Club of the Repressed, and the FKD [Federation of Clubs for Democracy]).

4. Changes in the status of the SDS and the adoption of "political principles" are not the same as a conversion of the union within a single "blue" party because individual membership in the SDS is allowed exclusively through and wherever there exist citizens committees (GK) of the SDS. Such committees do not have a vertical structure but an exclusively horizontal one; they "assist" the coordinating councils of the SDS in the localities and "coordinate" their actions with them as well as with the SDS NKS! The SDS citizens committees have the right to nominate candidates, but this is also the right of any SDS structure. What is more important is that all candidacies are "discussed" at broad public fora, after which the KS "pass a resolution." The SDS citizens committees are temporary structures with a "whose term ends once the electoral objective of the SDS has been attained," as stipulated in Article 21 of the statute. It is clearly stated in the accepted political principles that "the parties and other organizations participating in the SDS, which is a national movement for democracy, preserve their ideological and organizational autonomy and, through the local KS and the NKS, exercise the political leadership of the movement." This confidently leads to the conclusion that each party and organization within the SDS National Movement for Democracy will retain its own aspect exactly to the extent to which this was possible within the present broad SDS coalition!

5. The statements of the BSDP National Committee on the ideological confusion of the leaders of the SDS National Movement for Democracy are out of place, considering that it is precisely the BSDP that still lacks an electoral program and is shaking and vanishing because of the ideological confusion of its leaders!

6. The qualifications set by the BSDP National Committee concerning the "political morality" of opposition leaders who had been members of the BCP [Bulgarian Communist Party] for pragmatic reasons, and those who realistically and soberly support them, is dishonorable, coming from a party that actively participated in the Fatherland Front and in the first post-9 September coup d'etat! The demand that former BCP members not be nominated from the SDS is a dirty effort to divide the opposition and draw the attention away from current problems.

Such "statements" (predrafted), on the basis of which the BSDP National Committee made its decisions, are a transparent effort to mislead public opinion and to manipulate the party's membership by artificially shifting problems from the sick to the healthy!

In terms of the resolutions (Resolution No. 6) of the BSDP National Committee, let us note the following:

First. The rejection of the resolutions of the SDS National Conference of 22 June 1991, which were also ratified in their essence by the SDS NKS, is an unprecedented violation and rejection of the current status of the SDS, with all its consequences.

Second. The resolution concerning the nonparticipation of the BSDP in the SDS National Movement for Democracy (which is the new name of the union) means, in practical terms, the voluntary self-exclusion by the party from the only present legitimate structure of the SDS!

Third. The decision made by the BSDP to participate in the forthcoming elections, either in a coalition (interestingly, with whom?) or with an autonomous slate, given the lack of an electoral law, is a basic disregard of realities and a betrayal of the interests of the party and the opposition as a whole!

Fourth. The call for preelectoral cooperation with "other democratic parties and organizations," clearly outside the SDS, opens the way to all kinds of unprincipled associations and coalitions, including that of the Buzludzha twin brothers....

The final decision, which was the drop of water that made the cup run over, was the ultimatum addressed to the Krust'o Pastukhov Club "to terminate within a period of 10 days its factional activities or else the club will be closed down in accordance with the suggestion of the BSDP TsKRK [Central Control Auditing Commission]." The resolution was passed by a two-thirds majority of those present, but not two-thirds of all members of the BSDP National Committee (67), for which reason the legality of this decision is based on the interpretation of Article 38 of the party's bylaws. One could also argue whether the disbanding (closing down) of a club that has not been acknowledged, registered, or ratified to this day is of any value. Is this decision not invalid?!

The time has come for us to cry out: Brothers, for God's sake, do not leave the BSDP because that will leave in it only its rooting section! Do not allow this important political perimeter—social democracy—to be protected by the aggressive fundamentalists within the BSDP! It is only the hasty holding of an emergency BSDP congress that will prevent the split within the party and stop the advancing crisis within it, a crisis that has spread over the entire Bulgarian Social Democratic Movement!

2 June 1991, Sofia

Civic Initiative Movement Leader Interviewed

91BA0914A Sofia ANTENI in Bulgarian 12 Jun 91 p 4

[Interview with Lyubomir Sobadzhiev, chairman of the Civic Initiative Movement, by Yassen Georgiev; place and date not given: "A White Crow Casting the Shadow of a Hawk"]

[Text] I do not abandon my "toughness." The self-defense of the citizens is an above-party matter. Is it possible to have the greatest political miracle in the world, a monarchy with a communist government? A public desire is necessary if the criminals are to be tried. The campaign for the files was not a step toward democracy. I am an optimist by nature, but I am currently pessimistic.

[Georgiev] Who is Lyubomir Sobadzhiev? I recall the tempestuous days after 10 November, the euphoria and the meetings. At that time many people were threatening their children with the familiar bearded face of SoPadzhiev [the ruffian] as they had nicknamed him. They were prophesying dark days for democracy by quoting some of your "tough" statements.

[Sobadzhiev] I have not abandoned my "toughness." Democracy is not a gift, it must be taken and it is only in that case that a nation is proud and in high spirits. I cannot accept freedom as a gift, fed a spoonful at a time or as much as I can "take." One is either free or one is not, and freedom requires struggle.

[Georgiev] You are one of the few members of the opposition predating November. The talk was that you had been in jail and were bitter because of it.

[Sobadzhiev] Bitter? Who said that? The impression is wrong.

[Georgiev] What were you sentenced for?

[Sobadzhiev] There were three sentences, one of which was "internal." I was in jail from 1969 to 1973 as per Article 109, related to Article 108 of the Penal Code: for the organization of clandestine groups. I will not discuss the injustices of the previous rulers. The charge was legitimate, although exaggerated. We had violated the laws. The fact that in Europe people are not taken to court for such things is a different matter. It was also then that I was given the "internal" sentence. The notorious Pazardzhik prison warden Topkarov gathered all of us at one point and kicked to death a criminal inmate. This "criminal" had escaped and had been caught and was in a horrible state: He was tied up and wounded, stretched on the ground, helpless, exposed to the horrifying instincts of that jailer. I said that this was an act of a member of the SS and not of a communist, which I repeated in front of Topkarov himself when I was taken to him. A strange young judge, Nikolay Kurdzhiev from Pazardzhik, sentenced me to no more than one month in jail. The okrug prosecutor appealed, however, and the okrug court gave me another year. I came out, I got married, I have two children. In 1978 I was again in jail, again charged with the same crime. This time we were sentenced for disseminating an appeal against the Zhivkov regime. We nurtured the illusion that the people were already ready to fight. I was sentenced to four and a half years; I served three years and three months.

[Georgiev] It seems a long way from the "course of armed struggle" to the BGI [Civic Initiative Movement].

[Sobadzhiev] The idea of the BGI matured as early as the summer of 1988. The discussion of the idea was started with supporters in the Stara Zagora jail, with whom we shared dreams in the former First (Political) Detachment. The classical type of revolutionary organization proved to be utopian. The age of consensus, of the social contract, was dawning. The assumption of power by Gorbachev created the necessary sociopolitical conditions for the development of purely civil resistance, which was the only kind possible because of the tight surveillance under which we were kept by the authorities. That is why I first became an activist in the Independent Society for the Defense of Human Rights.

[Georgiev] The BGI is not one of the loudest within the SDS [Union of Democratic Forces] coalition. Is such modesty deliberate or the result of SDS tactical interests?

[Sobadzhiev] Naturally, let me first say a couple of words about our views. We profess the idea of a civil society, the principles of which have long been familiar in democratic countries. Such a society should have sufficiently strong governmental power to guarantee the rights of the citizens; at the same time, such authority should not be so powerful as to suspend the pursuit of their interests. The state authorities must be definitely answerable to society. They are its representatives, not its guardian. The movement was conceived precisely as a kind of civil control over governmental structures, which, regardless of the system, always display an aspiration toward bureaucratization and authoritarianism. The self-defense of the citizens should be a principle standing above the parties because it is society that guarantees the interests of everyone, regardless of his convictions. Nowhere is it said that, let us say, legislative initiative should be the exclusive prerogative of the different parties that always promote the interests of their own leaderships and members. Personally, I believe that we are showing a strange attraction toward the classical type of parties, although global practices have unequivocally proved that it is nationwide movements and civic organizations that are assuming an increasing role in the governance of various countries.

[Georgiev] Does this mean that the BGI is not aspiring to be in power and remain, if one may say so, in a state of "internal opposition"?

[Sobadzhiev] The natural function of the movement is sociopolitical control. However, to be conducted efficiently, we must try to participate in the National Assembly. This is entirely consistent with our principles: The BGI must not be identified with shouting at meetings and beating up deputies.

[Georgiev] I must admit that, to a certain extent, I am surprised by this statement. A number of people claim that Sobadzhiev is one of the "right-wingers" in the opposition, calling for most extreme measures almost constantly. To the best of my recollection, at one of the electoral meetings of the SDS, you shook up the audience with your appeal to organize combat groups of five or something similar to fight against the threat of destabilization of the democratic process.

[Sobadzhiev] It may have been something "like it" but not precisely that. Extreme actions could also include public boycotts and strikes. All of these are legitimate means. The Bulgarian people are quite sluggish in defending their inalienable civil rights, which always puts them in the position of being manipulated by various forces. It is high time for the citizen to begin to trust his actual possibility of controlling things. As to labels such as "right wing" and so on, they are being ascribed to us by people who have not even bothered to study and become familiar with our views.

[Georgiev] Rumen Vodenicharov uses even stronger expressions, and, until recently, you and he were involved side by side in the struggle....

[Sobadzhiev] I shall not express my view about Rumen Vodenicharov. Let the readers draw their own conclusions about his arbitrary qualifications from the increased number of interviews he is granting. It seems as though he is simply dissatisfied with the basic positions of the BGI, or else perhaps he does not understand them. I have no personal animosity toward him. Actually, I could say simply—naturally, as a joke—Mr. Vodenicharov is an alpinist. He set up the Sofia Society for the Defense of Human Rights and joined the opposition. After that, he cofounded the SDS and...left the society. He then became a people's representative from the SDS and then left the SDS! He may consider himself a messiah or a lonely knight but, as far as I am concerned, he is a lone climber. Among others, Mr. Vodenicharov, in his position as legal defender, proclaimed that a Bulgarian political leader was a potential jail inmate. With this statement, he is simply asking to be prosecuted as per Article 148, Paragraphs 1 and 2 of the Penal Code. He has already been taken to court by Dr. Krustev from Podkrepa for his unethical statements. I do not share the suspicion that he is an informer, an agent, or a provocateur. In Bulgaria, however, it is mortally dangerous to conceive of oneself and proclaim oneself to be an aristocrat of the spirit....

[Georgiev] The declaration concerning the "separation" of the parliamentary deputies who did not leave led many people to speak of a "coup" within the SDS.

[Sobadzhiev] There was no coup in the SDS; it was simply layers rearranging themselves. The fact that such phenomena lead to earthquakes is a different matter.

[Georgiev] "Earthquake" is another word for a split.

[Sobadzhiev] Strange though it may seem, we will have a united opposition rather than a split. The SDS carried out a necessary mission: It polarized political thinking and drew a line of demarcation. However, totalitarianism can be removed only with the use of a broader opposition structure.

[Georgiev] What is your view on Mr. Petur Dertliev?

[Sobadzhiev] Mr. Dertliev is an ambitious politician.

[Georgiev] Is that all?

[Sobadzhiev] Of late, it has become popular to say that we are all sinners! Speaking badly of political friends or opponents is not acceptable. With Dertliev, we are allied within the SDS. His suggestion that was submitted to the Grand National Assembly about the elections and the artificial problem of the referendum replaced what was the most important matter for the nation: a change in the political system. If we hold a referendum on 6 July (I hope that this will be rescinded), in the fall we may congratulate ourselves with the greatest political miracle in the world: a monarchy with a communist government! Many people forget that we have in our country a powerful economic *nomenklatura*. It is, if one may say so, the quartermaster of the BSP [Bulgarian Socialist Party], its natural financier. By retaining the material base, it actually keeps millions of people subordinated to itself. That is why the first step in our conversion to a normal society should be to bring the BSP down to the position of a normal political organization. Before the next elections, this means two absolutely mandatory things. The first is the acknowledgment of the criminal nature of the BCP [Bulgarian Communist Party] and the confiscation of BSP property and the public will to try the killers and the criminals, the traitors and the culprits for the third national catastrophe, the inspirers and perpetrators of the "revival process." I am referring to the living members of three Politburos and three or four governments. And the second is a broad campaign to declare a social lack of confidence in the party-economic *nomenklatura* and try the culprits for the economic and food sabotage, those who deliberately spoiled food last February. It is a question of dismissing all directors and their subordinates, whose culpability has been proved....

[Georgiev] Are these not emotions, a signal for a modern St. Bartholomew's Day massacre?

[Sobadzhiev] The guilty are always specific individuals. For example, was it school boards or the militia who spoiled food products? This was done by very specific enterprises, such as Serdika and Rodopa. Why is it that, once again, goods are beginning to vanish from store shelves? The reason is the forthcoming new price increase. Incidentally, two heavy blows have already been dealt at communist economic slavery. The first is the demand by Minister Kostov to the BSP, and the other is the insistence of Podkrepa that 80 directors who were found guilty should be dismissed. This, however, should be merely the beginning of broad social action.

[Georgiev] You obviously like Dr. Trenchev.

[Sobadzhiev] I will say one thing only: Dr. Trenchev was a fighter even before 10 November.

[Georgiev] Does this mean that because of that you justify all of his actions?

[Sobadzhiev] Efforts are currently being made to discredit Trenchev by accusing him of having started the fire at the party headquarters. Let me state that I was standing right

next to him during most of the fire, and I am certain that he was not the perpetrator. Were there not cassettes that proved this?

[Georgiev] I have now learned that you, too, were there the night of the fire.

[Sobadzhiev] My "participation" was expressed in my appeals that the house not be attacked. I said then and I am still convinced that this was a provocation.

[Georgiev] Of late, you have begun to use the word "provocation" quite frequently.

[Sobadzhiev] How so?

[Georgiev] The story with Petur Beron, followed by the files, the story involving Stoyan Ganev....

[Sobadzhiev] In my view, Mr. Beron is unquestionably a good scientist, with an active civic feeling. This contributed a great deal to the popularity of Ecoglasnost in the summer and fall of 1989. I have always believed in him, and, therefore, I also believed the statements he made in Budapest and at Sofia Airport. I also trust his good intentions. Stoyan Ganev is one of the roundtable heroes. With his brilliant and impassioned speech on the need for a change in the system, he brought about a change in the balance of forces. No one has been able to prove that he was the wrong choice.

[Georgiev] The scandal with the files has been the subject of a great variety of interpretations....

[Sobadzhiev] I do not have a positive view on the development of this matter. When we part with the past, we should also be thinking of the future. The anonymous throwing around of names and pseudonyms, publications in ambitious periodicals, and the collective hysteria we noted in the plenary meeting of the Grand National Assembly were absolutely meaningless from the moral point of view. Such actions do not liberate millions of people from fear of the state. They do not make such people any better. They do not eliminate the possibility of new manipulations. Perhaps they even contribute to the opening of a seventh, an eighth, or a ninth department of State Security in the future. With that campaign, we did not take a step forward to democracy because, to be a citizen of one's country, one must not be afraid. It is only thus that one can be free, and democracy is made by free people. I believe that we can expect new files and new sleepless nights in the Grand National Assembly.

[Georgiev] Are you an optimist or a pessimist about the future of the political life of the country?

[Sobadzhiev] By nature I am an optimist, but, in this case, I am a pessimist. I believe that, in politics, emotional reactions must be suppressed. Among others things, it is difficult to develop a clear Bulgarian policy with an optimistic or a pessimistic approach. One thing is clear: Changes occur in the course of an irreversible historical process. Our children will live better than we do, and it is certain that our grandchildren will entirely forget the meaning of totalitarianism....

Cuba Interviewed on Continuing Slusovice Problems

91CH0781A Prague SVET V OBRAZECH in Czech
11 Jul 91 pp 6-9

[Interview with Docent Eng. Frantisek Cuba, chairman of Slusovice, by Dusan M. Spacil; place and date not given: "The Secret of the 96 Doors"—first two paragraphs are SVET V OBRAZECH introduction]

[Text] The heroic days, when Slusovice was admired by people and condemned by many an official as an island of prosperity in the rotting socialist sea, are already behind us. Now, it is more appropriate to pull a face at the mention of the agrocombine, to point out the dark veins at Slusovice, and to show that WE KNOW WHAT IT IS ALL ABOUT. To be completely honest, I do not know what it is all about—during our trip to Slusovice, I spoke with both of the divorced parties—both had cogent arguments.

However, in view of the fact that I first talked with the anti-Cuba opposition and only then with representatives of the AK MOVA [MOVA Agricultural Combine], I have the feeling that all of the substantive remarks which I brought from the opposition camp were refuted by the "Cuba followers." "There are no accurate property records," claims the one side. "That is nonsense, we have accurate and verified listings," say the others. "The representatives of all successor cooperatives must meet at a roundtable discussion and discuss everything appropriately." (MOVA opponents.) "It is precisely they who frustrated the roundtable discussions!" (The opinion of the MOVA press spokesman, Professor Popesku.) "How is it possible for us to have such horrible economic results for last year?" (The opposing side.) "This is all the result of the fragmenting policies implemented by our opponents and of the anti-Slusovice campaigns." (Eng. Frantisek Cuba—see interview below.) The entire matter is simply very complicated and I pity the editor who decides to become a judge in this case. I do not want to be that editor. I do not know where the entire truth lies, even though I make no secret of my conviction that Eng. Frantisek Cuba does not deserve to be put in the same bag with the Jakeses and the Strougals [former communist officials] in view of what he was able to accomplish with his fellow employees. And this is precisely why I am letting him speak.

[Spacil] One of the most recent rumors which has sprung up about Slusovice claims that you secretly smuggled the standard of the Moravians from the Battle of White Mountain out of Germany. It is reported to have cost 3 million German marks [DM]....

[Cuba] We have a number of permanent trade partners in Germany. One of them is a descendant of Albrecht of Valdstejn. On some occasion, I mentioned that I am a Moravian. Our partner told us in return that he owns the Moravian flag which his ancestor captured. He said he had it on the wall, but will most likely have to throw it out—it is in very bad shape. For him, restoration would be too expensive. In short, in the end he offered us the flag. Some time later, he actually brought it to Prague himself and handed it to us. There are witnesses. I really do not know

why he should not be able to transfer his property to Czechoslovakia, all the more so because his ancestor had verifiably acquired it in this country. The flag was really virtually falling apart and if it were not for the fact that we had it restored, it would certainly no longer exist today. What is special about the whole matter is only the amount published in RESPEKT—I do not understand how they reached that figure. For example, it is absolutely not clear that this actually is the flag of the Moravian rulers—it is only a supposition, one of the possibilities.

[Spacil] Today, Slusovice is the object of a concentrated attack by its opponents. Among others, it is claimed that you were actually controlled from above, that you were a secret government experiment....

[Cuba] Although our enemies are disseminating this information, I think that they themselves do not believe it. The opposite is clear, judging by the difficulties we had to overcome in the previous period. We were not managed from above and that which others had no opportunity to obtain was also not obtained by Slusovice.

[Spacil] For example, there is the generally widespread conviction that Slusovice had extraordinary conditions created for it for foreign trade....

[Cuba] We utilized foreign trade companies, just like everybody else. In Czechoslovakia, there were 96 of them. In our trading operations, we always sought out a partner among them and that entity exported our goods. In return, Slusovice received a share of the foreign exchange—in accordance with valid Czechoslovak regulations. That which Slusovice realized could have been accomplished by any other enterprise. For us, every such transaction was actually a customary intrastate commercial transaction. Of course, it had its risks—we had to share even any possible losses.

If you exported merchandise worth 100 Czech korunas [Kcs] and acquired foreign exchange resources worth Kcs80, it was necessary to compensate for the deficit. Many enterprises were afraid of this and, consequently, did not engage in this kind of trade.

[Spacil] This was truly the only reason?

[Cuba] I see no other. Foreign trade regulations were actually applied. And besides, Slusovice was not the only enterprise which was exporting; hundreds of other institutions did the same. The difference was only in the quantity. Some other enterprise exported goods worth Kcs100,000—and we were once able to export goods worth \$120 million. That was our greatest success.

[Spacil] But you created a number of branches abroad....

[Cuba] We have our firms in Vietnam (OTAS), on Cyprus (Agrovenus), in Austria (ANAX), and in Egypt (Overseas Trading Company), then we also have a recreational center in Italy—it is in the vicinity of Elba. Moreover, we had around 15 signed coproduction agreements. For example, an agreement involving the Austrian firm of BIOMERX, for the export of feeder calves and the import of breeder

cattle; another agreement involving the Greiner firm—it buys our regranulate products (processed here from plastics) and makes available to us machines for plastic packaging. We also have cooperative agreements with the American firm of Monsanto (imports of agricultural chemicals for growing corn), with the French firm of Limagrain, and with others.

[Spacil] This listing sounds respectable. And even in these cases you did not have any kind of "special" conditions created for you? If not externally, then at least internally, which resulted from your own activities?

[Cuba] We had to find a potential foreign partner, then we went to the appropriate foreign trade enterprise and told them that this gentleman wishes to import this-and-this product from Czechoslovakia and is willing to buy it at such-and-such a price and we have that product available. We had to show a certificate indicating that we had the product available. They said okay and do you have permission from the appropriate organs? And we showed them the certificate. Prior to that, however, we had to go to see tens of different institutions.... We figured that when a cooperative agreement was being negotiated, our representatives had to go to 69 different offices to obtain 23 different stamps.

The difference between us and others was the fact that we were willing to undergo this ordeal. Others failed at the fifth, the 10th, or the 21st approval stamp. What was characteristic of that time was that the officials were also able to give their approval in another way, in a simpler way. But most of them were afraid of what someone would say and so they always wanted to cover themselves with two or three additional officials. People who lacked the courage to make decisions were holding these jobs.

[Spacil] Slusovice was visited by hundreds of excursions, specialists were showing each other the door here. Do you not feel that it is peculiar that a relatively few enterprises utilized your experiences?

[Cuba] We always communicated a sizable number of facts to those interested and to participants in training seminars. People listened, nodded their heads, and then, for the most part, they selected only one or two factors and if these did not work, they claimed that things were not right. We were visited by hundreds of directors, hundreds of chairmen. But only about a third wanted to learn how the system functions. The others thought that they could get by with some kind of fiction.

[Spacil] Let us return for awhile to the rumors—one claims that in the end you were only buying finished computers in your electronics activities and marking them with the TNS trademark.

[Cuba] This cannot be said quite so unequivocally. But I do not see anything very bad in it. Or do you want to say that a businessman who sells bread would have to add something to it in the store? The situation pertaining to the computers was as follows: We were producing eight-bit computers and then even 16-bit computers. At a certain

moment, we received very advantageous offers of computers from Taiwan for importation. And so we utilized them. For us, computers were never a decisive component—we were earning money on the production of software. Computers for us were only a medium—to help enterprises operate their programs. The importation of computers was not a moneymaker. The sales price for computers in our country was set at Kcs79,000. If one figures the cost of producing foreign exchange, then this was in no way an advantageous item. But that is not all. We were not importing top-of-the-line computers. Those which we were able to import were not outstanding as to their execution. So that if we imported 100 computers, we found that, after testing, only 80 were perfect. Of these, we sold 76 and used four for service purposes. We took the remaining 20 and our experts attempted to assemble several advanced machines from them. For the most part, some eight were left over which were not any good and could only be utilized for some spare parts. Thanks to this system, we understandably had lower immediate revenues than business people who bring in 100 and sell 100 machines. But then again, we did provide and do provide service at a high level so that even now that there are a number of other importers, a whole lot of interested parties are turning to us. Not only those who wish to purchase a new computer, but also those who need repairs done to the computers acquired from other importers. But I repeat—in essence, the price of the computer was only able to substantially defray the actual costs. We made money only on programs.

[Spacil] It is said that you imported computers by air aboard Ministry of the Interior aircraft....

[Cuba] Originally, we used the services of the Czechoslovak Airlines [CSA]. However, for the lack of pilots, this airline was renting aircraft from the Ministry of the Interior. We turned to the CSA and told them that we need to import something, say, from Singapore; at the CSA, they told us that this would be possible provided the Ministry of the Interior flight was willing. And so we had to finalize things on one as well as on the other side. Later, we had the opportunity to buy our own aircraft—a machine which had been sidelined by the Ministry of the Interior. In Czechoslovakia, the principle that an aircraft has a life span of about 20 years was applicable. However, for our officials, aircraft were only utilized for half of that period and then they were sidelined. For the most part, they were then transferred to the Czechoslovak Army. However, in many cases, these machines were not utilized, but, rather, stood about on airfields. We bought such a TU-154 and created the Cargo Moravia Company. When it came into being, a three-part agreement was to be originally signed between us, the Czechoslovak Airlines, and the Ministry of the Interior. However, the Czechoslovak Airlines refused to sign—they wanted to remain as a monopoly air shipper.

[Spacil] Why did others not utilize such opportunities?

[Cuba] I believe that for the most part they were not aware that aircraft were sidelined this way. And others had no need for their own air transport capability.

[Spacil] Why did you have it?

[Cuba] Importing computers by the normal method was very disadvantageous. I shall list only two examples. One batch was supposed to be brought to Prague by the Luxembourg Airlines. However, in Prague, an unloading crew happened not to be available at the time and so the cargo was unloaded in Budapest. Because a shipment was addressed to Prague, we had a difficult time getting it from Budapest. Another time, a large shipment for us was brought aboard a large aircraft by Aeroflot to Moscow. There, it was necessary to divide the entire shipment and load it aboard smaller Czechoslovak aircraft. But because the shipping manifest was made out for the entire quantity, they were refusing to hand it over to us. For some months, a whole bunch of our computers was stored on the tarmac under canvas, they were rained on and when our specialists finally succeeded in getting their hands on the computers, it was found that a substantial quantity of them had been pilfered. Poor transportation had cost us 30 percent of all the computers—we had to do something.

[Spacil] I heard that last year, instead of your previously customary profit of Kcs500,000, you had a deficit of approximately Kcs450 million. How did this come about?

[Cuba] This is a loss resulting from managing under a complicated situation. We were the subject of many attacks from outside and from within, internal spoilers made it virtually impossible to manage the enterprise efficiently. A number of our best specialists decided to leave the enterprise during this situation—we lost eight deputy directors, around 30 plant directors, 200 employees engaged in foreign trade, and approximately the same number of employees engaged in internal trade. Overall, the agrocombine lost around 1,500 people. How did this situation manifest itself specifically? For example, we had a so-called system of zero warehousing. A businessman was charged with importing goods precisely at the moment they were required in production. We were, therefore, highly dependent on continuous and smooth deliveries. And, suddenly, we lost our deputy director for engineering microstructure, who managed six plants, and he was followed by all of his business traders. As a result, we virtually ceased being supplied with materials for production. Furthermore, last year there was a decline in demand for goods and when the traders left this became more pronounced. We were left with a significant quantity of goods which we were unable to sell. The departure of specialists from this microstructure alone, only from the grouping of plants which produced engineering products, cost us about Kcs170 million. People were also urged not to work, they were urged to demand their wages—goods valued at Kcs2 billion were not produced, but we had to pay out wages worth Kcs124 million for work not performed. We suffered substantial damage as a result of mindless purchases of unnecessary inventories toward the end of last year. For example, we are currently engaged in a court dispute with the chief representative of our opponents—Eng. Pochyly, who purchased components for eight-bit computers valued at Kcs208 million despite the fact that we had not been producing this computer now for three years.

[Spacil] Did he do this intentionally?

[Cuba] Yes, this was part of the entire complex of measures designed to liquidate our enterprise. For instance, we also had a problem involving the export of computers to the USSR. All shipments of computers to the Soviet Union were tested. And then, suddenly, it was found in Russia that the computers were not functional. They had been deliberately damaged. We were assessed a fine of Kcs36 million for delivering nonfunctioning computers and we had to sell the entire shipment at a discount. Overall, we lost some Kcs200 million on this transaction. I believe that from what I am saying, the atmosphere in which we were functioning last year must be clear to you. Attacks upon us are not abating even this year. However, now, we at least do not have the spoilers directly in our enterprise.

[Spacil] Is this why you established the MOVA?

[Cuba] Yes, the fact that we no longer have these gentlemen among us allows us to concentrate on our work and, for this year, we are showing a profit of more than Kcs80 million. And this is profit earned during a situation when an extensive crusade is being conducted against us, when we are not able to finance our operations solidly because the banks are not taking into account the fact that we are the Agrocombine MOVA, when we had to pay off credits, including capital credits, which were to be paid off over a number of years, when our money is being used to pay off credits incurred by other cooperatives developed out of Slusovice.

[Spacil] How did you prevent the "spoilers" from entering the new cooperative?

[Cuba] Originally, only 80 cooperative members established the MOVA. However, they invited other honest people to join the cooperative and interest in joining was so great that we were surprised. We expected 1,000, 2,000, but there were 4,500 applicants. We had to begin selecting—and that is how the presidium was chosen—I was not elected to serve in it; the body has the right to recommend or reject entry into the cooperative. This body recommended against accepting approximately 400 applications.

[Spacil] How did they make their selection?

[Cuba] They rejected the applications of only those people who had clearly damaged the cooperative. Of course, the presidium could also make mistakes. But thanks to this selection, the enterprise began to function once more.

[Spacil] The "old" cooperative had 7,000 employees. Is it at all realistic to assure them of employment under the new conditions?

[Cuba] It is possible; it is even possible to make solid profit. All we need is to be left alone to do our work. Of course, the enterprise must have a different look than it had under "real socialism." Under socialist conditions, the enterprise had to have all necessary services—they accounted for approximately 40 percent of its activities. In order for us to be able to build something and to do it on time, we had to have our own construction crews. In order

for us to ship something, we had to have our own drivers. In order for us to sell something, we had to have our commercial employees. Now, under the new conditions, we are transferring all these services to the private entrepreneurs. Trucks are now driven by rented drivers, tractor drivers are in the same position, as are construction workers and service personnel. We have made them all independent. Many did not have too much courage to be private entrepreneurs—and so we created the necessary conditions for them. There is a depot for drivers, locker rooms, dispatcher offices. They are now functioning as private individuals, but they are cooperating with the cooperative—who else could employ them here—for other private entrepreneurs, the driver will bring bricks one time and then he has nothing more to haul. We also established Agrocomp—that is to say, an organization which instructs people on how to be private entrepreneurs. Agrocomp helps the beginning entrepreneur to become oriented, keeps his accounting records, assures him the necessary materiel, organizes any possible foreign commercial transactions for him, etc. In return, the private entrepreneur pays the organization a fee of 10 percent. Agrocomp even offers him specific insurance—in the event the beginner goes bankrupt, it pays him compensation of up to Kcs1 million. If, on the other hand, the private entrepreneur “gets going” and begins to have substantial profits, Agrocomp will cut the umbilical cord and will organize him into a company with limited liabilities.

[Spacil] Do you believe that the “Slusovice way” could cure socialism?

[Cuba] Recently, the former presidents and prime ministers of Western countries, including Schmidt, Trudeau, and others, issued a joint declaration in which they drew attention to the risks involved in the notion that Eastern countries can be cured only through “pure capitalism.” They indicated that this “pure capitalism” actually no longer exists, that that which exists in the West is a system which connects market mechanisms with a number of socialist elements. The same is true of Slusovice. In this regard, some of our former opponents were right—we were not a purely socialist enterprise. The agrocombine was broken down into enterprises and these were broken further into operations—and the latter were designed as private enterprises, even though they were referred to as work sites under socialist care.

Tax Reform Principles Briefly Outlined

91CH0781C Prague HOSPODARSKE NOVINY
in Czech 18 Jul 91 p 5

[Article by Eng. Zdenek Krucek: “The Principles of the New Tax System”]

[Text] The objective of the tax reform which will become effective on 1 January 1993 is to render the administration and control of taxes more flexible, simpler, and more efficient, to create a well-functioning tax administration, and to issue new regulations on proceedings involving tax matters and fees. The concept of the tax system, which has

already been approved by the Government of Czechoslovakia, will be made up of the following:

1. Taxes on goods

—A value-added tax (including taxes resulting from imports)

—Consumer taxes

2. Income tax

—Individual income tax

—Enterprise and corporate income tax

3. Highway tax

4. Real estate tax

5. Inheritance and gift tax

6. Court, administrative, and local fees

In the indirect taxation area, the value-added tax will replace existing sales taxes. The difference between the sales tax and the value-added tax is fundamental—this is an entirely new system. The main principles are the following:

a) The circle of taxpayers is far broader, it includes all physical and legal entities engaged in entrepreneurial activities, with the exception of entities which have been exempt from tax.

b) The taxpayer not only pays the tax and accounts for it as a part of the price charged the consumer, but, on the other hand, has the opportunity of subtracting the tax paid to his own suppliers from his tax obligations. Anyone who is exempt from paying the tax is not entitled to subtract taxes paid at the previous stage.

c) The tax is applied without regard to the number of stages through which the product passes; it is also paid by commercial establishments.

d) The tax is applied to all goods and services with the exception of goods and services which are specifically exempt.

e) There is a maximum of three tax rates (zero tax rate, standard tax rate, and reduced tax rate); over time, the tax rates should approach those applied in West Europe.

f) Import taxes would be collected at the customhouse, the rates would be the same as those applicable to domestic goods, some types of goods will be exempt from taxes when imported.

Consumer taxes will be assessed independently of the value-added tax. They will be set by law and will, generally, amount to a specific tax per unit. The consumer tax will be paid by the producer—by physical as well as legal entities. The circle of products will be outlined so as to reflect the harmonization in the area of consumer taxes, in principle, with those of the countries of the European Community.

Individual income tax will be a universal tax, including the existing tax on wages, the tax on income based on literary and artistic activities, the tax on individual income based on agricultural production, and the tax on income for the population. Even payments made to members of agricultural cooperatives will be subjected to taxation and the contribution made to partially defray the costs of social security, paid to members of agricultural cooperatives, will be rescinded.

A general exemption will be established with respect to individual income (a tax minimum), for which no tax will be collected. The tax rate will be on a progressive sliding scale. Its design will reflect the exemption of social security insurance payments and health benefits from the tax. Exemptions and tax advantages in all cases where these are not essential for administrative and practical reasons will be eliminated. Withholding to assure payment of taxes will be accomplished at the source.

Tax returns will be filed only by citizens who have taxable income from sources other than employment or from employmentlike conditions. With respect to foreign countries, tax deductions will be asserted as a matter of principle. Double international taxation will be resolved by the use of tax allowances.

The enterprise and corporate tax will replace the existing tax on profits, the retirement tax, and the agricultural profit tax. The outline of entities involved will be newly modified in accordance with the commercial code.

This tax will also be paid by physical entities registered in the register of enterprises, in accordance with the law on individual entrepreneurial activities engaged in by physical entities. Even the write-off policy will be changed. Simultaneously, accounting rules will be appropriately modified.

It will be possible to amortize losses over the next three years by reducing tax obligations by a maximum of one-third of the loss per year.

In order to assure level conditions for competition, enterprises with foreign property participation as well as entities headquartered abroad will be subjected to the same taxation provisions as those applicable to domestic entities. Preferential treatment for enterprises established for foreign capital participation will be assured by exempting them from the law for a period of two to three years, provided they do not pay out dividends. Double international taxation will be resolved, as a matter of principle, by making allowances for taxes paid abroad. Deposits to assure tax payment will be modified to reflect the new concept of the state budget and will, fundamentally, be based on the tax obligation of the preceding year. The tax (payment) based on the volume of wages will be replaced by insurance payments for social (retirement) and health insurance.

The highway tax will be paid by domestic as well as foreign shippers (including citizens engaged in the transportation of freight and passengers as a money-earning activity) and cargo trucks and buses will be taxed according to their

weight (number of passengers), and automobiles, according to the number of cylinders in their engines. The law will modify the method of payment, particularly for foreign shippers.

The real estate tax will be paid by all users (physical as well as legal entities) of parcels of land, structures, and buildings. The law stipulates those structures and buildings on which taxes will not be paid. The tax will incorporate the existing land parcel tax as well as house tax. A prerequisite for this is the issuance of regulations covering the valuation (evaluation law) of real property and a law on real property records.

Small houses built by citizens on their own will be exempt from the tax for a period of 15 years. The tax will reduce the tax base for enterprises and associations, as well as the income taxes they pay.

The inheritance and gift tax will replace the existing notary fees based on inheritance and gift-giving. A progressive tax will be asserted in accordance with the size of the deposit and the group involved. The solution of the question of eliminating double taxation in relationships with foreign countries will be finalized.

Fees will be judged from a fundamentally new position. Local fees, the scope of which will be expanded, will be used to solve ecological problems as well. Local offices will make decisions regarding the size and application of such fees.

Joint-Venture Statistics Published

*91CH0781B Prague PODNIKOVA ORGANIZACE
in Czech Jun 91 pp 1-2*

[Article by Eng. Eva Kmochova: "Joint Ventures in the Economy of the CSFR"]

[Text] The economic benefits of foreign capital for the economy of Czechoslovakia are undisputed. The principal form by which foreign capital entered upon the Czechoslovak scene in 1990 was the establishment of joint ventures involving foreign property participation. The influx of foreign capital into the enterprise sphere can result in reducing the chronic deficit of domestic capital resources, in simplifying the transfer of progressive technologies, in becoming familiar with scientific methods of intraenterprise organization and management.

However, we must adapt our expectations in this direction to the measure of entrepreneurial interest on the part of foreign investors in Czechoslovakia and, thus far, this interest has been quite low. In 1990, a total of 1,240 enterprises were established, including 976 on the territory of the Czech Republic and 264 on the territory of the Slovak Republic. Most frequently, these enterprises are headquartered in Prague (582), Bratislava (198), and Brno (104).

At the time of their registration, the basic capital involved in these joint ventures amounted to 4.9 billion Czech korunas [Kcs]. Foreign investors had approximately a 50-percent share in this amount, which represents Kcs2.5

billion. The way in which the number of newly established joint ventures developed over the individual months of last year, or as of 1 May 1990, when Law No. 112/1990 Sb.

[Collection of Laws] on enterprises with foreign property participation came into effect, can be seen from Table 1 below.

Table 1. Development of the Number of Established Joint-Venture Enterprises in 1990

Month	In Millions of Kcs			In Percent
	Number of Enterprises Established	Total Basic Capital	Foreign Capital	Share of Foreign Participation
May-August	310	1198	593	49
September	207	1065	629	59
October	312	1234	456	37
November	275	811	480	59
December (as of 12 December)	136	597	318	53
Total	1240	4905	2476	50

Source: Federal Ministry of Finance, Investment Bank, personal calculations.

The largest number of entrepreneurs is from neighboring Austria and Germany, as can be seen from Table 2.

Table 2. Overview of Joint-Venture Enterprises According to Country of Origin (10 Most Important Countries, 1990)

Country	Number of Enterprises	Total Basic Capital (in millions of Kcs)
Austria	362	943
Germany	352	1297
Switzerland	97	193
United States	50	826
Italy	50	50
The Netherlands	42	48

Sweden	40	240
Great Britain	38	42
France	32	198
Canada	24	25

Source: Federal Ministry of Finance.

A more detailed overview of the structure of these enterprises by the magnitude of their basic capital shows that the largest number of enterprises begin their operations at the limit point of the minimum deposit, that is to say, Kcs100,000 (for more detail, see Table 3). Last year, the volume of basic capital was characterized by an influx of small and medium firms; the entry of firms with worldwide reputations and multinational enterprises has not occurred thus far.

Table 3. The Structure of Joint Ventures According to the Magnitude of Their Basic Capital

Item	Foreign Capital (in millions of Kcs)		Total Number of Enterprises	Share of Foreign Participation (%)
	May-August 1990	January-December 1990		
Industry, total	137	537	326	46
Metallurgy	17	117	4	35
Fuels industry	8	161	2	54
Chemical industry	5	11	21	50
Pharmaceutical industry	—	2	1	6
Engineering	37	76	78	46
Including ecological engineering	3	5	6	50
Electrotechnical industry	14	41	48	65
Metal-working industry	3	3	12	40
Wood-processing industry	9	14	25	56
Glass, ceramics, and porcelain industry	21	21	14	42

Table 3. The Structure of Joint Ventures According to the Magnitude of Their Basic Capital (Continued)

Item	Foreign Capital (in millions of Kcs)		Total Number of Enterprises	Share of Foreign Participation (%)
	May-August 1990	January-December 1990		
Paper and cellulose industry	—	3	6	53
Building materials industry	—	22	23	48
Ready-to-wear industry	4	5	20	42
Leather-working industry	11	11	20	46
Foodstuffs industry	5	45	46	47
Construction activities	688*	670	135	88
Agriculture	—	11	8	35
Banking	308	558	5	—

* Including building materials industry.

Source: Federal Ministry of Finance, personal calculations.

The influx of foreign capital into Czechoslovakia by existing methods cannot be considered as being structure-forming for individual sectors of the national economy, particularly not for the production sphere. In 1990, entrepreneurs were interested in selected sectors of the national economy as follows: services, 31 percent; construction industry, 27 percent; industry, 22 percent; and trade, 20 percent.

A more detailed analysis of the sector structure of newly established joint ventures in industry is characterized by an express share (52 percent) of the fuels and metallurgy industries—in other words, branches in which, for ecological reasons, we would be more likely to welcome a closing down; on the other hand, branches having a high share of added value appear to have a relatively low weight (detailed data are listed in Table 4 below).

Table 4. Sector Structure of Direct Foreign Investments During 1990

Amount of Basic Capital	Number of Enterprises	Relative Weight (%)
Up to Kcs100,000	443	36
Kcs100,000-200,000	210	17
Kcs200,000-500,000	191	15
Kcs500,000-1 million	150	12
Kcs1-10 million	204	17
Kcs10-20 million	17	1
More than Kcs20 million	25	2

Source: Federal Ministry of Finance, Investment Bank, personal calculations.

One of the ways to increase the attractiveness of these branches of industry to foreign investors could be tax relief

in establishing joint ventures. Existing practices of the Czechoslovak tax system make a slight differentiation according to the volume of revenue and the share of the foreign participant in the basic capital involved (20 percent—incomes of up to Kcs200,000; 40 percent—incomes in excess of Kcs200,000 and at least 30-percent participation by a foreign investor in the basic capital; 55 percent—incomes in excess of Kcs200,000 and less than 30-percent participation by a foreign investor). On the basis of individual applications, it is possible to be granted income tax exemption for a period of two years. This tax relief is generally applicable and is, thus, not dependent on entrepreneurial activities in selected activities subject to preferential treatment.

Taxes as a regulatory instrument for the influx of foreign capital are broadly utilized in Hungary and Poland, where preferential activities were identified and specific tax relief was precisely outlined in connection with these activities. The governments of both countries primarily support the activities of those joint ventures in which high export efficiency in world markets is anticipated, and those activities in which it is possible to expect a transfer of progressive technologies to take place. (In Hungary, tax relief is applicable to all types of economic units, and in Poland an amendment proposal is pending which would unify the commercial regime for all types of economic units.) Tax relief is also applicable to activities connected with the protection of the environment.

An increased flow of foreign investments, particularly into the production sphere, can be anticipated as a result of large-scale privatization when establishments in the industrial sphere, which are owned by the state, will be offered for purchase to foreign partners on a unique one-time basis worldwide.

EC Integration Alternatives Analyzed

91CH0821A Budapest FIGYELO in Hungarian
18 Jul 91 p 11

[Article by Gyorgy Mikosdi: "What Kind of Europe Will (Can) We Choose?"]

[Text] Brussels—We are negotiating an agreement of association with the European Community, and a free trade agreement with the countries belonging to the European Free Trade Association [EFTA]. Meanwhile our negotiating partners conduct high stakes negotiations with and among each other. Accordingly, Hungary is part of the development of a Europe composed of concentric circles.

The image of the near future may be seen relatively easily. The EC which is becoming a political, economic and financial institution is in the center of the new structure. The EFTA countries will be in the inner circle, while countries reaching agreements of association, among them Hungary, will be within the outer circle. So called third countries in regard to which nondiscriminatory treatment in general, or most-favored-nation treatment in particular is enforced based on the General Agreements on Tariffs and Trade or on bilateral agreements will be outside of these circles. Hungary's classification within the community will change. We will be treated better than the third countries, but will continue to have fewer rights than the EFTA countries, and particularly the member countries of the EC.

Preparations

This, however, is not some new form of discrimination. It is a consequence of mutuality. For the fewer rights we agree to observe the fewer obligations.

Let us familiarize ourselves with the EC from the standpoint of "empathy," let us attempt to understand what kind of preparation is taking place in the Europe of the twelve nations just before the "opening of the gates."

The EC and its member countries focus their attention primarily on the federal structure and on the union to be established on the basis of the constitution. Meanwhile, they are also viewing the European countries surrounding the twelve member countries, and try to find an answer to the question of whether an expansion of the EC as a result of incorporating the European countries which anticipate the establishment of privileged relations could threaten the goals of the European Union. A dual dilemma is involved. One of these pertains to the question of whether a federation of European Communities and of the member nations will indeed rise from the struggle between supranational considerations on the one hand, and classic intergovernmental cooperation on the other. The second dilemma concerns the issue of whether the West European integration is able to preserve and further develop its own identity in a changed Europe, or if it will be forced to dissolve itself into the framework of a new Pan-European structure.

Scenarios

Action taken thus far to prepare for a European Union suggests that significant disagreements still exists among

the member countries of the European communities even in regard to the question of whether the Union should be established as a federation or as a confederacy.

The dilemma of deepening and/or expanding the relationship may be realized theoretically in several alternative forms. The deepening of the integration could be perceived without an expansion, or the expansion may take place without a deepening of the ties. The establishment of a new Pan-European structure could become an entirely new alternative, and so would a combination of the first two alternatives: deepening integration along with limited expansion.

The first scenario is based on the idea of rethinking the forms of association along with a continued integration process. From the standpoint of the 12 nations this alternative would serve the purpose of assigning a leadership and a catalyzing role within Europe to the community. This intent is explained externally by claiming that a strong community could do more for the remodeling of the European theater.

The "European" agreement (alias: agreement of association) offered to Central-East European countries indeed represents bilateral free trade agreements in which political dialogue and economic and social cooperation would play an important role. Trade concessions to be reached would be custom tailored, and the political and economic policy requirements, principles, and institutions would have a general character.

Accelerating Model

The second scenario (expanded integration without deepening) counts on completing the internal market, but it would surrender the goal of achieving a European Union. This model holds out the promise of rapid integration for EFTA countries, and an advanced schedule of integration for Central-East European countries. The latter means that Central-East European countries could join in the medium term, rather than in the long term. From the standpoint of Turkey this alternative would hold out the prospect of reestablishing the position [as published].

This alternative would fully develop the community into an actual internal market, but because a union would not come about, it would not strengthen the institutional structure and would not restrict sovereignty.

The third scenario (new European structure) is based on arguments which hold that during the past 40 years, the European Community has served well the interests of West Europe, but the historical changes of the late 1980's and resultant political geography demand a new solution. In the context of an organizational solution, this alternative means a transformation of the European Communities, in reality however, it means that the Conference on European Security and Cooperation would become an institution, an organization which any country could join, in which there would be no common policies, and in which supranational interests would be exchanged for intergovernmental cooperation. In addition, the Pan-European security system

would result in a changed NATO structure. NATO would continue to function as a global defense system, but changes would be made on the European side of NATO. Individual participants in the North Atlantic Treaty Organization, which to this point were regarded as individual countries, could act collectively as coalitions in the future. As of today, however, one could only make a highly uncertain guess as to the ability of a possible new Pan-European structure challenging the authority of NATO.

Finally, as a result of German unification, the fourth scenario (limited strengthening and expansion of the community) is much closer to reality than one would think it is, irrespective of the extent to which it appears to be only an intellectual exercise based on the combination of the first two alternatives. The basic idea behind this alternative holds that adaptation is easiest at a place and at a point in time where and when economic, financial and political structures are similar. A unified Germany suddenly became an issue that had to be dealt with because the GDR entered the community while failing to comply even to the least extent with the above described requirements.

With respect to other candidates the community will be forced to revert to its own principles. They expect countries which join to be able to identify with the goals of the European Union and to be prepared to surrender part of their national sovereignty.

The difficulty implicit in the choice expressed in the title will be greatly relieved by the circumstance that not we, but the interested parties will make the choice from among the various alternatives according to their own interests. The various interests of the concerned countries are likely to produce an alternative which is inconsistent with any one of the scenarios enumerated, but which, at the same time will reflect a smaller or greater part of each of the alternatives.

Culture Minister Andrasfalvi Bertalan Interviewed
91BA0957A Bucharest ROMANIA LIBERA
in Romanian 16 Jul 91 p 4

[Interview with Andrasfalvi Bertalan, minister of culture and education, by Simion Bula; place and date not given: "The European Mentality Has Nothing To Do With Borders...."]

[Text] While in Bucharest to sign the new Romanian-Hungarian Cultural Agreement, Andrasfalvi Bertalan, the Hungarian minister responsible for these matters was kind enough to grant an exclusive interview to ROMANIA LIBERA.

[Bula] We know that in abuse of their freedoms extremist groups with Fascist leanings have recently become more active in Hungary than in Romania. In Romania these groups print national-chauvinistic publications such as ROMANIA MARE, support clubs disguised as "cultural" but which can be compared to the Ku-Klux-Klan, and foster a particularly aggressive anti-Hungarian and anti-Semitic policy. They have also formed political parties in

which extreme right politics happily coexists with the extreme left. What is the situation in Hungary?

[Bertalan] In Hungary, none of these types of parties have any access to the public, nor do they have any representatives in Parliament for their words to be heard. In fact, the only association to operate as a party in our country is The Holy Crown—Szent Korona Tarsasag—who obtained not even one seat in the elections. This party has a rather extremist publication entitled SZENT KORONA, which is constantly harassed, sued, and contested. I can state with certainty that this extremist party exerts no influence on political life in Hungary. It is true however that several anti-Semitic articles did appear in the Hungarian press; this anti-Semitism does not exceed the magnitude of that found in France or the United States. Hungary's press laws—even though we do not yet have a new press law—qualify anti-Semitism and instigations against nationalities as anticonstitutional; as a result, lawsuits with stinging consequences can be lodged—and are already on court agendas—against such publications and authors. I have personally sued SZENT KORONA, which has slandered me, maintaining that I was in the service of the Jews and of antinational forces.

[Bula] I understand that the prosecution is even asking that this paper be banned. But tell me please: Does Hungary have any publications, newspapers, in Romanian?

[Bertalan] Romanians in Hungary have one newspaper, FOIA NOASTRA, and one folklore and ethnography publication, FOAIE VERDE. There are also scheduled Romanian-language broadcasts in the audiovisual media. In any case, we should point out that the Romanian presence in Hungary amounts to no more than 20,000 people. We are spending 50 percent more for the schooling of Romanian students than for students in schools that do not teach in the mother language of that nationality. We have unfortunately not yet been able to implement such a positive "discrimination" in the cultural area. I can say that at the higher education and university level we have Romanian language and literature sections for Romanian students in Hungary, that Gyula has a Romanian high school, and that two other cities have a general purpose school. Most Romanians are concentrated in the country's southeast, and they do not have their own school in the capital since there are very few Romanians in Budapest.

[Bula] Following the negotiations with Andrei Plesu, how do you perceive the progress in solving the problem of Hungarians in Romania, with respect to native-language education and culture.

[Bertalan] In my view, it is of major importance that the network of native-language schools for young Hungarians in Romania be expanded, but they must also be given an opportunity to study for one or two years in Hungary. We believe this practice to be useful, and that it should be designated in an agreement between the two countries. I want to strongly stress that by this we do not seek to transfer the talented Transylvanian youth to Hungary, but rather to complete and perfect their studies so as to strengthen the Hungarian intellectual presence in

Romania. The negotiations with Mr. Plesu did not extend to education; however, the topic was discussed in March during the negotiations in Budapest with the minister responsible in that area, Stefan Gheorghe. Together, we signed an official bill which among other things recognizes the diplomas obtained in Hungary by students from the Hungarian minority in Romania. But the pursuit of university studies in Hungary is only half of the solution. I think the possibility exists that in the future, Hungarian-language education in Romania will regain the status it enjoyed during the period between the wars.

[Bula] As Minister of Culture, what is your opinion about the return of former communist countries to a European mentality?

[Bertalan] I can only repeat what I said at the press conference. The European mentality does not hinge on dates, does not belong solely to the West, and as a result has nothing to do with geographic borders. Its focus always is where men are ready to sacrifice themselves for the ideals of the universal rights of man. In 1956 this focus was possibly in Hungary, in 1968 in Prague, in 1989 in Timisoara and Bucharest, and now it might well be in Vilnius or Ljubljana.

Breach of Contract: U.S. Firm To Sue MALEV

MALEV: Letter of Intent

91CH0819A Budapest NEPSZABADSAG in Hungarian
24 Jul 91 pp 1, 5

[Interview with Pratt and Whitney spokesman James R. Bowman and MALEV spokesman Peter Karasz by F. K. in Budapest on 23 July: "To Be Announced Today: MALEV To Be Sued"—first three paragraphs are NEPSZABADSAG introduction]

[Text] The Pratt and Whitney company of the United States will file suit in a Hungarian court to enforce its contract consummated with MALEV toward the end of last year. NEPSZABADSAG was told that the a \$50 million business deal was involved (this is the value of jet engines the Hungarian airline would have purchased for its Boeing 767 airplanes from the American firm). At a press conference this morning Pratt and Whitney representatives described the background of the law suit.

We were informed that Pratt and Whitney's arguments were based on MALEV president Tamas Deri's acceptance of the firm's offer of last December to sell the above mentioned jet engines and related services. MALEV subsequently changed its mind and consummated a sales agreement for jet engines with General Electric—also an American firm. Pratt and Whitney believes that MALEV has no right to do so, because Deri signed a specific agreement in this regard with them. Accordingly, the basic issue in this suit will be whether the court recognizes last year's agreement as valid. If it does, Pratt and Whitney hopes that MALEV will perform its contractual obligations and will install the model PW-4000 jet engines in its Boeing 767's. We are told that Hungarian attorney Dr.

Laszlo Szlavnits of the law firm Balintfy and Associates will represent the American firm.

We met with Pratt and Whitney spokesman James R. Bowman in Budapest yesterday afternoon and sought more information. At first he declined to make a statement claiming that it would be inappropriate to discuss this matter in advance of the press conference. In the end however, upon our insistence he responded to a few questions.

[F. K.] Mr. Bowman, is it true that simultaneously with the Hungarian suit you will also file suit in an American court?

[Bowman] This is not true. We believe that in this case a Hungarian court must enforce our contract with MALEV.

[F. K.] Are you suing because of the size of this transaction and for possible damages, or perhaps out of prestige considerations?

[Bowman] We are going to court not because of the \$50 million—this amount is not that big—instead we believe that contracts create obligations with respect to everyone. This case may create a precedent. This kind of thing can happen to anyone if MALEV can do this to us.

[F. K.] Even if the court found in your favor, you could not be certain that MALEV would buy the PW-4000 jet engines, because no one could be forced to consummate a business transaction. Would you seek indemnification in this case?

[Bowman] We have not yet thought this matter through. Let's see how the suit will turn out.

* * *

Upon receipt of the news report we asked MALEV spokesman Peter Karasz: "Did you expect the American firm to take these steps?"

[Karasz] We are not surprised about the fact that Pratt and Whitney is suing us because we had information of this sort earlier. But we hoped that the Americans would act in a more sober manner and would be willing to reach a negotiated settlement.

[F. K.] What is MALEV's position in this matter?

[Karasz] We do not believe that we violated any agreement, because we never reached an agreement. All MALEV signed was a letter of intent for the purchase of Pratt and Whitney jet engines to be installed in two Boeing 767 airplanes we would purchase in the near future. Subsequently we changed our minds because the General Electric engines were better, more reliable and consumed three percent less fuel. The fuel saved by the two airplanes would cost \$400,000 annually.

[F. K.] Who signed the letter of intent on behalf of MALEV?

[Karasz] President Tamas Deri did, to the best of my knowledge. I will stress however, that our decision was changed after thorough consideration of technical issues

and after hearing the opinions of experts, and President Deri did not make the decision on his own.

P&W Cites Documents, Statements

91CH0819B Budapest NEPSZABADSAG in Hungarian 25 Jul 91 p 5

[Article by Karoly Freesz: "The Key to the MALEV Suit: What Constitutes a Contract?"—last paragraph is an MTI report which was appended to the article]

[Text] "MALEV clearly violated a contract it consummated with us," according to Pratt and Whitney Vice President Jan Hoynacki at a press conference held in Budapest yesterday. The American businessman who also serves as his firm's legal counsel firmly stated that they were not suing MALEV to obtain moral satisfaction, nor were they trying to mitigate damages. They hope that from their standpoint a favorable court decision would force the Hungarians to perform their contractual obligations and install the PW-4000 jet engines purchased from Pratt and Whitney into their Boeing 767 airplanes.

The antecedents of the suit to be adjudged by the Capital City Court took place in 1990. In September 1990 representatives of Pratt and Whitney—part of United Technologies—and Hungarian professionals discussed for the first time that MALEV would purchase PW-4000 jet engines for its Boeing airplanes. After several months of preparation the American firm made a detailed offer on 14 December. Details of this offer were treated confidentially, and were not reported at the press conference either. But they quoted verbatim a passage from that agreement, one that may be come the pivotal point in the dispute. Here it is:

"By signing this proposal MALEV agrees that the offer thus accepted is valid, has a binding force and that it constitutes an enforceable contract for the sale and purchase of new PW-4056 jet engines and spare motors...."

At the press conference Jan Hoynacki also quoted from MALEV president Tamas Deri's 21 December response to Pratt and Whitney's offer. Tamas Deri wrote the following:

"I am pleased to inform you that MALEV chose the PW-4000 motors to serve as the jet engines for the airline's new, wide body airplanes. Our decision was based on technical and efficiency analyses.... This acceptance extends to every statement, deadline and condition contained in Pratt and Whitney's offer dated 14 December 1990."

According to the American firm's statement yesterday, the further chronology of events is as follows:

—Tamas Deri requested that this case be treated as confidential until a joint press conference is held in this regard. The parties agreed to that.

—Last February MALEV publicized its decision to purchase Boeing 767 airplanes, but not a word was said about jet engines. The leadership of Pratt and Whitney began to worry.

—On 2 March 1991, during his trip to New York, Tamas Deri confirmed MALEV's agreement to its obligations. Two weeks later, however, Deri informed his negotiating partner that as a result of a newly received offer he would announce a new tender invitation for the purchase of jet engines.

In the end, MALEV chose to purchase jet engines manufactured by another American firm: the General Electric Company. In the final analysis, this decision prepared the grounds for a suit. A suit, which according to Mr. Hoynacki's statement, Pratt and Whitney chose as the ultimate means of recourse after it was unable to successfully negotiate either with MALEV or with Hungarian government officials. Relative to the Hungarian government's role in this case Mr. Hoynacki told NEPSZABADSAG:

"MALEV is a state enterprise, it is owned by the Hungarian state. In the event that the Court finds in our favor, we expect MALEV to abide by the terms of the contract, and the government to see to it that MALEV abides by these terms."

Accordingly, the ultimate question is this: how will the Capital City Court view this issue. In any event, foreign trade legal counsel Laszlo Szlavnits who will represent Pratt and Whitney in this suit was the embodiment of optimism at yesterday's press conference. Responding to questions raised by journalists, Szlavnits, a member of the Balintfy and Associates International Commercial Law Office, had this to say: In the course of consummating international private contracts it frequently occurs that the parties do not jointly sign a document, but regard mutual, written letters of intent related to the business transaction as contracts. He stressed that in this case the Court must not follow Hungarian laws, but must render its decision based on internationally accepted principles.

MTI—MALEV believes that it did not violate contractual provisions when it failed to order the jet engines from Pratt and Whitney. MALEV spokesman Peter Karasz told the MTI reporter on Wednesday [24 July] that they had no reason to change their previously stated position, because in their view no valid contract had been consummated with the American firm. In MALEV's view, particularly in regard to a business transaction of this size, a contract is consummated only if jointly signed by both parties. Since this did not occur, MALEV changed its mind only in regard to an earlier intent it declared. MALEV's position will be stated in detail by the airline's attorneys in court.

Other Business Unaffected

91CH0819C Budapest MAGYAR HIRLAP in Hungarian 25 Jul 91 p 9

[Article by Andras Kovacs: "(Generally) Contracts Are Sacred and Inviolable—MALEV To Be Hauled Into Court"]

[Excerpts] [passage omitted] The legal counsel for the American firm domiciled in the State of Connecticut said

that pursuant to commercial law in force within their jurisdiction, the acceptance of an offer also constitutes a legally enforceable contract. The legal counsel stressed that within their practice 50 percent of the sales agreements consummated was based on formal contracts, while in other instances they regard the official acceptance of an offer—provided in writing by the MALEV president—as a final agreement. The legal counsel also said that the above was stated in detail as part of the American firm's offer, and so was the fact that in case of dispute the laws of the State of Connecticut, and not those of Hungary would govern. [passage omitted]

Responding to questions the legal counsel mentioned that the outcome of the court case would in no way affect either Pratt and Whitney's or its parent organization, United Technologies' [UTC] business activities in Hungary. Some divisions of UTC have business interests in Hungary. Among other projects, the Carrier firm delivered the air conditioning system for the Hungarian State Opera and they are also building a new cooling system on the Danube to increase the security of operations of the Paks Nuclear Power Plant. Construction of a factory in Godollo by United Technologies Automotive Hungary began last spring. It will manufacture power distribution systems for European car manufacturers. Plans call for the employment of 1,000 workers at the factory within five years.

Considering the significance of this matter we inquired at the press office of the Ministry of Transportation whether the governments intends to become involved in any way in the suit between the two firms. We were told that such involvement would occur only as a last resort, because the government regards these events as the business of an enterprise. [passage omitted]

Agreement on Privatizing Foreign Trade Units

*91CH0818D Budapest FIGYELO in Hungarian
25 Jul 91 p 5*

[Article by B.R.: "They Buried the Hatchet"]

[Text] The Ministry of International Economic Relations [NGKM] and the State Property Agency [AVU] have agreed to establish a foreign trade privatization committee in which each of the two institutions will be represented by two officials in addition to an independent expert. Had they observed good style, they could have buried the hatchet, because an earlier agreement between the two organizations remained on paper only. That agreement called for privatizing the 40 specialized foreign trading companies established by NGKM or its legal predecessor based on mutual negotiations. (For more details see FIGYELO No. 5, 1991.)

One could hardly talk about negotiations as a result of the AVU's action last spring in the framework of which it unexpectedly and without proper coordination placed 16 enterprises, among them five foreign trade enterprises under state administrative supervision. This took place as part of the AVU's so-called office building program. Incidentally, the AVU action, at least as far as the foreign trading companies were concerned, did not prove to be

successful. At last, they may privatize Pharmatrade and Monimpex together with their headquarters buildings, and the same applies to Elektroimpex. Mogurt's building was returned to the same organization under a lease agreement. The way things stand today, only Metrimpex must move out of its building.

Zsolt Sandor, the NGKM division chief, told this newspaper that the working group would like to complete the privatization of between 24 and 28 specialized foreign trading companies directed by enterprise councils or placed under state administrative supervision within six to eight months. The working group cooperates with the individual enterprises, and its function is to prepare the enterprises for privatization and to submit the needed documents to the AVU board of directors. In addition to that, the committee must also deal with the future of the state share of property in other foreign trading companies which have transformed themselves earlier, such as MERT, Hungexpo, Agrimpex, and Kopint-Datorg. The division chief said that the committee supports the ideas of both employee participation and the purchase of these enterprises by their management.

The committee will not establish an order of priorities in terms of the various possible ways of privatization, and will not object to the attraction of foreign capital. To the contrary, the lack of commercial capital clearly necessitates the attraction of capital. State or national majority ownership will be established as a condition for only four foreign trading companies: the special fields of activities pursued by Agrimpex, Hungexpo, MERT and Technika. Beyond this, however, there will be no limitation whatsoever regarding the extent of the foreign capital share.

Just what kinds of foreign investors should be given preference is yet another question: Should they be firms or capitalists who only wish to invest their money? Regarding the latter it is difficult to determine what firms stand behind the various financial interests. One thing is certain, a foreign communications technology firm appearing as an investor would hardly tolerate a situation in which a Hungarian foreign trading company sold products which competed with that firms own products. For this reason, circumspection on part of a given enterprise's management in choosing an investor is a fundamental requirement, because only they are in a position to judge which firm should put the money down, and what method of privatization would best enhance the realization of the enterprise's business policies.

Small Business Funds Progress Report

'Existential Fund'

*91CH0820A Budapest FIGYELO in Hungarian
25 Jul 91 p 25*

[Article by G. A.: "Lessons Learned From the E-Loan"]

[Text] Together with five large banks, Postabank began managing the Existence Loan fund on 2 April. Since that time Postabank has continuously received applications

and issued promissory notes, moreover it consummated agreements for real estate to be purchased in the framework of this loan program.

During the past two and a half months Postabank's national network received more than 100 applications. Contrary to the terms of business ventures announced in the E-program, four-fifths of the applicants were from Budapest, and only one-fifth from the countryside. According to Eva Pakozdi, Mrs. Szabo the applicants were essentially unaware of the dangers implicit in acquiring leasing rights. Once a piece of real estate is purchased as a result of winning competitive bid there are no guarantees whatsoever that the local government would not drastically increase the leasing fees. And in that case an entrepreneur's business efficiency calculations he used for preparing his proposal to the bank would be upset.

Preparation of these business proposals yielded yet another lesson to be learned. And entrepreneur's business plans, and from the bank's standpoint the evaluation of the entrepreneur's ability to pay are made much more difficult by the fact that the rules are not clear with respect to the sources from which the entrepreneur must make the installment payments on principal and the interest. Bankers already pointed out this contradiction at the time the E-Loan program was established. This problem has not been resolved since, moreover, it was reintroduced as part of the soon to be available Start Loan structure. It appears that this matter requires a decision by the parliament unless a long awaited change is made in the meantime.

Two-thirds of the persons who submitted applications to Postabank were promised to receive credit, and lending agreements have been consummated with one-third of the number of applicants. All purchases involved a less than 10-million-forint value and the buyers were typically people who worked in these establishments before. Keeping the purchases below the 10-million-forint value may be explained by the fact that if two persons initiate a purchase below that amount the buyers' are required to contribute only two percent of the total value.

Among all the applications handled by Postabank, entrepreneurs acquired ownership rights in only two instances.

One should add to the information received from Postabank that quite a few applications and contracts are in the process of being evaluated and finalized. It takes thirty days from the day bids are invited until the actual bidding takes place, and it takes two weeks to consummate a contract.

New Dutch Fund

*91CH0820B Budapest FIGYELO in Hungarian
25 Jul 91 p 25*

[Unattributed article: "New Fund To Support Enterprising"]

[Text] In response to an initiative by the National Association of Entrepreneurs [VOSZ] and the Dutch Industry

Association the government of the Netherlands contributed 9 million guilders to establish a foundation for the development of the private sector and privatization, and to encourage structural transformation into a private economy. The Dutch-Hungarian Development Foundation is slated to be self-sustaining within three years, until then the Hungarian Government will fund the operations of the Foundation. The Foundation's board has already held its first meeting.

Official on Breaking Up State Monopolies

*91CH0818C Budapest FIGYELO in Hungarian
18 Jul 91 p 3*

[Article by Competition Bureau Chairman Ferenc Vissi: "Living With Monopolies?"]

[Text] The Competition Bureau prepared a study for use by the Economic Cabinet concerning the governmental role in regard to monopolies. The "monopoly" group formed by a few parliamentary representatives belonging to the Hungarian Democratic Forum claims that one of the possible defenses against monopolies is to relieve of their duties the heads of large enterprises. The chairman of the Competition Bureau differs also in this regard.

The positive effects of competition manifest themselves in the form of increasing efficiency, in the favorable allocation of resources and in the growing prosperity of consumers. Accordingly, competition is in the public interest. Competition cannot perform this function in the framework of monopolies, thus, the public interest must be enforced in a different way:

1. The number of monopolistic situations in Hungary is higher than what could be justified. This then warrants a reexamination of the situation and the reduction of the number of monopolies to the possible minimum.
2. By necessity, however, monopolies will exist and therefore, it will be necessary and possible to live with them.
3. The operations of monopolies must be regulated so that they do not infringe upon the public interest.
4. A simplistic and generalized antimonopolistic attitude, and in particular a manifestation of this attitude in the form of envisioning "large enterprises" as enemies, is inappropriate as a matter of policy.

Something That's Natural and the State

The circumstances of a given economic functioning could be of a kind which render the presence of a single firm in the economy as both natural and useful. For example, no parallel (alternative) electric, gas, and water utilities are being developed. In general, these services cannot be substituted because although consumers have a choice between heating their residences with electricity or gas, no practical possibility to substitute the energy source chosen exists.

It does not make sense to strive to liquidate or discontinue natural monopolies. Developed countries restrict the actions of persons who reap the benefits of monopolies

through regulatory measures. This is so because it is in the public interest to prevent monopolies from charging disproportionate high prices and from enjoying a disproportionate large income, and to ensure that the value received for services is in harmony with the services rendered. The regulatory effect may be achieved by way of a concession agreement, through the direct regulation of prices, through stock and dividend policies, by establishing a duty to provide services, or as a result of a supervisory and control system which continuously checks the efficiency of monopolies. These regulatory approaches may be used in a number of combinations.

Based on the interests of the state, arms trade, the engraving or minting of bank notes (coins) and stamps, and the production of *regie* products (alcohol, tobacco, etc.) may become state monopolies. Organizations engaged in gambling activities, and in certain cases organizations related to the country's defense and engaged in the administration of the procurement of supplies may also be regarded as state monopolies.

State monopolies and their regulation does not raise social or economic concern as long as it is possible to clearly understand the need for such monopolies, and if the public interest character of the regulation is obvious. These two considerations must also be enforced in Hungary.

Monopolies derived as a result of performance are products of economic development. In most instances a situation like this benefits a given producer during the protected period as a result of an invention of global significance, or of the achievement of an outstanding level of efficiency. It would serve no purpose to discontinue or to restrict such monopolies through administrative measures, global competition would automatically limit the life of such monopolies.

Alliances

A monopoly of economic alliances evolves when every firm involved in the same activity forms an alliance and acts in unison vis-a-vis buyers on behalf of a cartel encompassing the entire trade. Such alliances function openly and are regulated in certain small, developed countries. Buyers participate in the "reconciliation of interests." The cement cartel of Switzerland and the haulers' cartel in Austria are examples for this. Participants in such cartels do not regard themselves as the beneficiaries of monopolies, because the functioning and regulation of the cartel also protects the buyers' interests, and because the agreed upon market conduct and pricing policy constitutes protection from abuse. In Hungary, a practice of this kind of interest reconciliation has not yet evolved, the various chambers could play a role in the increasingly broader implementation of this practice. Based on international practice one could say that "self-regulation" or "self-restraint" could become more highly developed forms of regulation than the exercise of the state's regulatory authority. In the absence of competition and interest reconciliation, the weak constraint to be efficient may be supplemented to a small degree by cartel control exercised in a manner consistent with the competition law, but such

control cannot act as a substitute for a constraint to be efficient under any circumstance.

In Hungary, the management of the various economic branches forced enterprises to form "alliances." However, this structure has begun to rapidly disintegrate during the past two or three years. (At present we are unaware of any nationwide economic monopoly organized in the form of a cartel.) Nevertheless, the possibility for cartels to evolve exists. The regulatory provisions of the competition law concerning cartels conceptually enable the existence of cartels, provided that they conform with the criteria enumerated in the law, as a result of which the buyer's advantages exceed the disadvantages caused by the restraint on competition.

Owners of intellectual property such as patents, licenses and know-how deserve to enjoy exceptional situations for a certain period of time and under appropriate conditions. These rights are essentially enforced on the basis of the intellectual property law which may be linked closely to monopoly based on performance.

Before we join the Common Market we must restructure our patent law, and, perhaps by amending the competition law, we must provide separate regulations for any restraining effects on competition, which may present themselves in the course of making use of intellectual property. The government has already placed on its agenda the amending of most trade laws. Today's laws incorporate several kinds of monopolistic entitlements which should be discontinued (laws pertaining to transportation, telecommunications, postal affairs, waterways, etc.). In creating new laws, consideration must be given to the fact that a substantial overlap exists between the above mentioned fields and what has been said before about natural and state monopolies.

The Competitive Sphere

Liquidation of monopolies and monopolistic situations would be particularly warranted in the competitive sphere. Notwithstanding this fact, most of the misunderstanding occurs in this sphere. Situations most "suspect" of being monopolies are as follows:

a) Many enterprises are the sole domestic producers of a given product. Theoretically, a majority of these does not enjoy a monopoly, because similar or substitute products can be obtained freely from abroad. This group of enterprises may also be divided into two subgroups: enterprises like Tungstam, which have no foreign competitors in the short term, and others, which begin to experience an initial competitive challenge by imported products, such as Graboplast. One could expect the latter group of enterprises to request the government to institute protective measures. One must be cautious in using protectionist measures however, because the economic constraint is presented by competitive imports.

b) The domestic market for many products has not yet been opened to foreign competition, yet each of these products is manufactured by only one Hungarian producer

(pharmaceuticals). Introducing competitive imports also represents the key issue in this regard. The threat that monopolistic situations will be abused are greater under closed market conditions, even though the social security system, which in regard to pharmaceuticals is the buyer enjoying a monopolistic situation may equalize the chances of selling both the domestic and the imported products. In other instances, the pricing law may provide protection from abuse flowing from such situations.

c) Shortages always present opportunities for producers and service providers to conduct themselves as "monopolists" in the marketplace, irrespective of their size. Temporary assistance provided to new producers and service providers may accelerate the mutual adaptation of supply and demand.

d) Many kinds of temporary monopolistic situations may exist even in the competitive sphere until such time that the market economy fully evolves. For example, exporting has become an individual right by now, but the knowledge of the market and of languages cannot be instilled overnight.

In other cases, even though free, market entry requires so great an investment that it becomes time consuming, even if the needed capital exists. Infrastructural barriers also make the situation of a new entrepreneur more difficult.

Superior Power

In most instances when the above situations occur in the market of products, they may be remedied by strengthening import competition and stimulating enterprise. While it may be possible to deal with specific abuses in the framework of the competition law, judging the individual situations causes problems. This is because a given person does not generally abuse his advantage, but takes advantage of the situation he finds himself in. To this point we have not at all established a record of court cases on the basis of which we could recognize some theoretical, methodical, or quantitative landmarks which could at least serve as precedents for determining the limit where the proper use of one's situational advantage ends.

Superior economic power generally evolves in a market economy as a result of one's prevalence in competition, but it also could evolve as a result of concentrated economic power. In the past, shortages and organizational integrations produced many situations of superior economic power, and since the system as a whole ruled out competition, situations evolved in which monopoly was seemingly enjoyed by "everyone." Fortunately, this structure has been disintegrating at a fast pace, mostly as a result of the establishment of corporations, import liberalization and privatization.

True, all of this will not guarantee the termination of superior economic power, but even in this field the establishment of a market economy milieu which produces economic constraint is of the essence.

In a manner similar to Western competition laws, the Hungarian competition law does not prohibit the existence of superior economic power. Rules prohibit only the abuse of superior economic power.

Confused Role

As a result of our past we must reckon with a certain confusion in roles for an extended period of time. This situation exists because the state still exercises broadly based ownership rights, and with respect to the group of enterprises it owns, the state also acts as the creator and enforcer of public interest regulations which also enforce the functioning of competition. This situation exists by all means with respect to monopolies.

As long as one and the same person must be assigned to perform tasks which conflict by nature, at least one, but very likely all functions will suffer harm.

One can expect owners only to conduct themselves as owners. In turn, one must demand that rules enforcing the public interest realize the public interest indeed.

MNB Gold Reserves Sold at Beginning of 1991

91CH0818B Budapest MAGYAR HIRLAP
in Hungarian 22 Jul 91 p 9

[Article by Melinda Kamasz: "We Continue Not To Buy Gold; Central Bank Reserves Decreased to a Minimum Last Year"]

[Text] The ratio of gold in Hungary's liquid reserves has decreased significantly last year. But the sale of 80 percent of the gold reserves had nothing to do with the fact that in the middle of last year central bank reserves decreased by half, according to Hungarian National Bank division chief Csaba Pasztor. What were the reasons for the gold sales transactions completed just a few weeks ago?

Central bank reserves exist in the form of short-term securities, gold, silver, and foreign exchange, all of which may be sold at any time. Reserves must by all means produce returns, but at a minimum they must continuously appreciate. The purpose of reserves is to provide coverage for import transactions and for principal and interest payments which continually become due. At present, Hungary's imports amount to about \$9 to \$10 billion. Experts claim that a country maintains appropriate reserve levels if the volume of reserves suffices to finance three to four months worth of imports. The present MNB [Hungarian National Bank] reserve, which amounts to between \$1.3 billion and \$1.4 billion would be sufficient for approximately two months, but these reserves are entirely liquid, and therefore could be turned into money at any time. Compared to the reserves held by the former socialist countries, the amount of reserves held by the MNB represents a rather solid base for Hungary.

Part of our domestic gold reserves are stored in vaults in Hungary, but the larger part has been deposited in foreign accounts just as foreign exchange was, except that as far as gold is concerned its volume in expressed in quantitative terms, such as tons, kilograms, etc. The difference is that

foreign exchange committed for a short term earns significant amounts of interest, while the return on gold equals zero from a practical point of view. The present annual interest rate earned on the dollar is 6 percent, the German Mark [DM] earns 9 percent, the Swiss franc 8 percent, and the yen 7 percent. On rare occasions they pay one-quarter, perhaps one-half of one percent interest on gold. To top it off, gold stored by the MNB may be regarded as less liquid, because if it were sold, shipping would take two to three days, and the central bank would immediately need the value received in exchange. Although the gold deposited in foreign accounts is more liquid, thus far, the MNB followed the practice of not selling its gold, but using it as collateral. On the other hand, it had to pay interest for the foreign exchange it received. Thus, pledging the gold as collateral resulted in a quasi borrowing transaction.

Gold no longer has a strategic significance. The likelihood of an international conflict is small, while demand for and the accumulation of gold reserves generally increases only in times of war. Regional conflicts exert no particular effect on the price of gold. Hungary did not embark on purchasing gold in response to the Yugoslav conflict for instance. Gold prices are rather depressed at present.

This is why a decision was made last year to sell a significant part of the country's gold reserves. The foreign exchange acquired as a result of selling the gold now provides a return. The transaction that was completed in the course of a few weeks took place when the war with Iraq broke out. At that point the prices of precious metal rose and thus, the MNB realized a gain on exchange rates in the course of the transaction. The financial world did not take particular note of the effort because in those days, some heavy gold purchases were made. But as Csaba Pasztor said, the MNB's sale of gold would have been

noted had the situation been more calm at the time. The fact that the MNB sold its gold became publicly known when Hungary prepared its regular annual report for the International Monetary Fund. That report necessarily includes a detailed statement concerning reserves. Several countries reduced their gold reserves in recent years. According to the report presented to the IMF, the present Hungarian gold reserves are worth about \$100 million. If necessary, the gold reserves could be replenished just as fast as they were sold.

The business policy measure related to the sale of gold had to be implemented by all means. Last year's developments proved that this step was appropriate, according to Pasztor.

The sale of gold had nothing to do with the fact that MNB reserves declined substantially toward the middle of last year, the division chief stressed. Last year's concern was caused by Bulgaria's declaration of insolvency and by delayed Soviet payments. But concerns at least as grave as these were caused by rash statements made by parties during the election campaign concerning the forgiving or rescheduling of our indebtedness. For the above reasons, foreign banks held back on granting loans, a matter that was also sensitive from the standpoint of Hungary. Thus, Hungarian reserves which amounted to between \$500 million and \$600 million toward the middle of the year—an amount corresponding to the value of a few week's worth of imports—ran rather dry, while this amount had to suffice for the financing of principal and interest installment payments on the indebtedness in addition to financing imports. Nevertheless, Hungary was able to maintain its solvency even during this period, even though accomplishing this was not a simple task. Thus, Hungary's image in the international money market of making payments on time remained unchanged.

Labor Solidarity Presents Alternative Plan

91EP0646A Warsaw *POLITYKA* in Polish No 30,
27 Jul 91 p 4

[Article by Ryszard Bugaj: "It Still Is Not Too Late: Labor Solidarity's Proposals"]

[Text] The decline in industrial output in May 1991 as compared with May 1990 was 18 percent, and compared with May 1989, 40 percent! Our performance is thus coming close to that of the former GDR, with the "tiny" difference that we are not part of any economic superpower. The deficit of the state budget is already huge. The figures reported by the Ministry of Finance are unfortunately not fictitious, and moreover they do not allow for the fact that, owing to drastic restrictions on expenditures, the budget's debt to various domains of societal life is simply growing. A total collapse of the budget is unfortunately highly likely.

* * *

The present situation is a consequence of various factors. But the principal cause is the rigid policy of the liberal government administration. This policy was formulated by, in addition to the politicians from the Liberal-Democratic Congress (J.K. Bielecki, J. Lewandowski, A. Zawislak), nonparty liberals (L. Balcerowicz, S. Kawalec), a Center Accord liberal (A. Glapinski), and an entire phalanx of "Red liberals" who have been holding many posts, chiefly those of deputy ministers, since even before the Rakowski-Sekula duumvirate. Even though it has become perfectly clear that the stabilization program is leading to a much deeper recession than predicted and no realistic prospects for economic revival are seen, the liberals have not taken the effort to complement and revise their program.

The entire responsibility for the failures has been blamed on the state enterprises not acting in conformity with the government's expectations. The principal measures announced are an acceleration of privatization and another turn of the screw on the monetary-incomes policy. But there does not exist any rational method for immediate privatization, as confirmed by the recently announced idea of nationwide distribution [of stock vouchers]. Moreover, privatization is not necessarily bound to revive the economy; it is an institutional change and, while in the long run it does afford an opportunity for streamlining the entire economic system, in the short run it may even result in aggravating the recession trends.

The famed revolutionary plan for institutional transformation is limited to an unclear and generalized program for privatization and a rigorous implementation of several simple principles, namely:

- A convertible currency and a stable currency exchange rate.
- A balanced (in theory) state budget.
- A positive [real] interest rate and a restrictive money policy.

—Continued application of the tax on wage increases.

In practice, one more principle is being followed—without being proclaimed—discrimination against state enterprises.

A Doctrinaire Approach

Such a program does not provide hope for reviving the stagnant economy. Its implementation also means ignoring the groundswell of social protest. An extremely astute (though not novel) comment was made by A. Luby of the Central Planning Office (see his article in *ZYCIE WARSZAWY*): "At the level of the national economy economics is principally politics. That is, it is an art of compromise, a way of attaining goals through concessions and trial and error. Faithfulness to doctrines and principles is a virtue of academicians, not of politicians. A politician cannot simply accept passively the fact that most of industry is declining—even if there is a consensus that it is an inefficient industry. No serious adviser in even the most democratic country with a market economy will state in such a situation, 'That is too bad. They deserve it, because they do not know how to adapt themselves.' Why should this situation be justified in Poland?"

The alternative cannot be, of course, the negation of the principles mentioned above. Their "shock introduction" was probably a mistake. But now that it has happened, now that we already paid such a huge price for it, these principles should be strenuously followed (of course, with the exception of the tax on wage increases). But the extent of the rigor with which they should be followed is a matter of choice. This does not mean abandoning privatization either; the point is that the desperate kind of privatization championed—regardless of the cost—by the liberals should be abandoned. Above all, however, the alternative should mean the drafting and application of a proactive program for a microeconomic policy.

Contrary to the accusations being made by the government camp, in Poland there are no major enemies of building a market economy. On the other hand, fortunately, the number of opponents of the doctrinaire liberal approach is growing.

A rejection of the doctrinaire stance is bound to result in a diagnosis acknowledging that in the short run the situation of the Polish economy will be decided by the state enterprises. It may be true that efficient private enterprises are generally more effective than even the most efficient state enterprises. But the point is that we do not have such efficient private enterprises and do not expect to have them rapidly in sizable numbers, whereas we can improve the performance of state enterprises. Without neglecting privatization, especially that of small and medium-sized enterprises, attention should at present be focused on improving the performance of state enterprises. Their number is large and it should not be allowed to decline, as otherwise the collapse of the state budget could not be prevented.

An urgent revival of the economy should be viewed as the paramount goal. If this fails, everything else will not matter. That is why an emergency rescue program is needed.

By contrast with the government, we are not claiming that there is only one approach that works and that we are privy to it.¹ We desire, however, to present before the court of public opinion an outline of the emergency measures which would, in our opinion, afford an opportunity to prevent the further slide of the Polish economy into nonexistence.

We Propose That:

- Every state enterprise should know whether its privatization is anticipated in the next two or three years, and when and what circumstances may influence a change in the original decision to privatize. For the status and operating rules of these enterprises are highly uncertain, even in the short run. This impedes developing a rational growth orientation.
- In the next few months privatization should be focused on the group of small and medium-sized enterprises. In view of the expenses involved, the controversial program for nationwide distribution [of stock vouchers] should be, at least temporarily, abandoned.
- Owing to the discontent reigning at workplaces, the work forces, worker self-governments, and trade unions are rather often exploring the possibility of solving their problems by eliminating the existing managerial personnel. This is resulting in an unstable situation. In the present special situation the principle of temporary (three- or four-year) contracts concluded between managers and worker self-governments should be introduced. The basis for a contract should be the enterprise's program of action. In the event no agreement is reached on it, the deciding say is to belong to the parent agency.
- The dividend [payable to the state] burden on the state enterprises (in particular when mandatory official reapraisals of the worth of assets are introduced) places many of these enterprises in a hopeless situation. Generally speaking, possibilities for selling off dispensable assets also do not exist. We propose the establishment of a state agency that would have the duty of taking over regularly unutilized assets of state enterprises and exploring the ways of utilizing these assets; this would reduce the dividend burden on the enterprises.
- One reason for the problems with cost-cutting at the enterprises is the impossibility of correspondingly reducing employment—the enterprises lack the funds for disbursing severance pay. It would therefore be expedient to introduce for the transition period the principle of disbursing severance pay from the state budget.
- An at least partial reduction in the growing payments arrears is indispensable. This requires a program for facilitating compensation of obligations and arrears due as well as a debt conversion program. A special procedure for rapidly restoring the health of large threatened enterprises is also needed.
- It appears expedient to investigate the expediency and feasibility of granting Polish Government credit to the USSR for the continuation, during a brief transition period, of imports from Poland (an alternative would be guarantees for Polish exporters).
- Increasing the exchange rate of the dollar was a needed decision. It is surprising, however, that this was not accompanied by a selective increase in customs duties on consumer goods; such a decision should be urgently taken. This is not a question of protective tariffs. It is simply that the present level of customs duties is extremely low, so that few enterprises are capable of competing with imports. Unless customs duties are increased, the current increase in the dollar exchange rate will prove insufficient.
- We propose the establishment of a state agency for the procurements of products whose consumption or application can produce special advantages to the economy (e.g., by reducing energy-intensiveness) as well as of budget-financed products if, for example, their output is inadequate owing to scattered demand and investment risk. The agency should also facilitate granting credit for the expansion of output (by providing loan guarantees to banks and, eventually, financing preferential credit), accept the risk of product sales, and mediate in mobilizing foreign investment resources.
- Steps should be taken to promote a productive utilization of the unemployed and to change the rules for the payment of unemployment benefits. Various public works projects for different categories of employees should be introduced. In this connection, it will be necessary to define the rules for employment in these public works projects and for the suspension of unemployment benefits to persons who refuse such employment. Moreover, the size of unemployment benefits should be made partially contingent on the family situation of the unemployed individual.
- The tax on wage increases should be gradually alleviated. At the same time, it should be restored in private enterprises, and the tax exemptions available to Treasury corporations should be abolished. The alleviation of the tax on wage increases would consist in a slight increase in the indexation coefficient and in the alleviation of tax ceilings. The increase in consumer demand owing to such alleviation may be somewhat risky, but this is a risk that appears worth taking. At present the share of overhead expenditures in unit cost is huge, and hence an increase in output may in general take place in the presence of a constant or declining unit cost. Furthermore, increasing the duty rates on imported consumer goods should assure a corresponding growth in the demand for domestic goods and protect the balance of payments.

We consider restoring the tax on private enterprises as necessary for not only psychological reasons but also and

above all in order to restrict the excessive growth of incomes in the private sector and the resulting inflationary pressures.

Discounts for Some and Taxes for Others

—Despite the risk involved, a resolute attempt should be made to revive investments, both enterprise and personal investments. Here a major role is played by credit policy. A reduction in the interest rate should be strenuously pursued by pressuring the banks to reduce their fees and at the same time their profits and give preference, on the basis of government loan guarantees, to granting investment credit. It would be also highly desirable to broaden the principle of reappraising the value of credit (owing to inflation) instead of charging interest on it. Likewise, the total abandonment of investment tax credit, chiefly wherever the investments would increase the demand for domestic goods, should not be considered.

—Urgent steps should be taken to develop a program for utilizing the foreign credit granted to Poland. It should be largely oriented toward implementing central infrastructural investment projects.

—Even a slight relaxation of a restrictive policy requires special caution. We therefore assume that the alleviation of the tax on wage increases may be revoked if it turns out that this is precisely the reason for a substantial growth of inflation, which should not exceed 2-3 percent on the monthly scale. Reducing inflation to 1 percent or less per month is at present not feasible, as this would require either the application of drastic monetary and credit policies that would annul the hopes for economic revival or a return to administrative price controls. Thus, while the present free movements of prices should not be impeded, enterprises should be obligated, after tax restrictions are alleviated, to notify local Treasury offices about the price increases they introduce. It would also be expedient to introduce in retail trade the obligation of disclosure of the profit margin by the vendor.

—The principal way of counteracting a collapse of the budget should be by combatting the recession, but this cannot be the only means. It would thus be prudent to review thoroughly the tax encumbrances and take urgent measures to reduce them as needed, as well as to abandon the practice of granting tax discounts or exemptions to individuals and civil-law companies engaging in specified kinds of activities. The expenditures of the state budget should be chiefly restricted by abolishing unjustified privileges granted to any group and by reducing administrative expenditures.

—Last year and this year, owing to loopholes in the taxation system and procrastination in tax collecting, huge incomes were derived by importers of alcohol, tobacco, liquid fuels, and electronic equipment. Tax collecting from currency exchange stores and customs depots as well as with regard to "in-transit trade"

require additional investigation. We are in favor of the urgent drafting of a law levying a lump-sum tax on their unjustified incomes.

A Dictatorship Around the Corner?

The fate of the changes in Poland may be decided within the next few months. These changes may be questioned by both a social rebellion and the actions of the political groups that link their prospects to at least partially authoritarian solutions. To prevent this, even now the democratic groupings in the parliament and outside it (especially the trade unions) should be rallied around an emergency program for rescuing the economy. Even a provisional social contract, whose idea has been long since advocated by Labor Solidarity circles, is needed. Such a contract should presuppose revising the current economic policy, but the current government should be a party to it, because any fundamental replacements of Cabinet ministers before the coming October elections would make no sense, while postponing the elections would gravely threaten destabilization of this country.

But is the present liberal administration capable of exploring compromises? Unfortunately, this seems hardly likely, despite the dramatic unfolding of the economic, social, and political situation.

It appears, on the other hand, that the liberal circles (and not just these alone) are considering the authoritarian alternative. L. Mazewski has expressed in an article in *RZECZPOSPOLITA* his firm belief that, while capitalist changes shall continue to take place in Poland, the choice will reduce solely to whether they shall take place in accordance with the will of the society, that is, democratic rules, or in the absence of that will, by dictatorial means. This latter variant is not absolutely rejected by that liberal politician. He states, "A strong-arm rule would make possible...an efficient transformation of the economy and a rapid creation of a middle class. And this precisely is the foundation for democratic institutions. They shall be reestablished once their existence will no longer be imperiled by the danger of social shocks.... The systemic changes would continue, except that they would be carried out in a nondemocratic manner. The protector would be the Army, and Poland would be ruled by a military dictatorship."

Thus there is no doubt that to T. Mazewski, building capitalism in accordance with the liberal recipe is definitely the paramount goal, while political democracy seems to be only a means—good if it serves that end but bad if it does not. This is hardly a novel concept in this part of Europe. The circumstance that L. Mazewski is an influential politician belonging to a party that is represented in the government by many ministers is not insignificant.

Footnote

1. This article is based on a previous draft, abridged by the editors, of the position taken by Labor Solidarity on the current economic situation.

Electoral Alliance of Democratic Left Groups*91EP0636B Warsaw TRYBUNA in Polish 17 Jul 91 p 1*

[Article by (DASZ): "Inauguration of the Electoral Alliance of the Democratic Left"]

[Text] A meeting of the representatives of political and social organizations and trade unions that set up the Electoral Alliance of the Democratic Left [SLD] was held on 16 July of this year under the chairmanship of Włodzimierz Cimoszewicz and Aleksander Kwasniewski.

An electoral committee of the Alliance was set up that includes representatives of the Social Democrats of the Republic of Poland, the Parliamentary Club of the Democratic Left, the National Committee of the Independent Polish Socialist Party, the Democratic Union of Women, the Trade Union of Health Care Employees, the Trade Union of Construction Workers, the Federation of Metal Workers, the Union of Socialist Polish Youths, the Council of Young Social Democrats, the National Council of Veterans of the Left, the Union of Polish Communists "Proletariat," and the Committee for the Defense of the Unemployed.

The committee is open in nature. Some of the participants in the meeting expressed their readiness to participate in the Alliance after necessary consultations, and some—only in electoral districts.

It was stated that the 1991 election should help Poland to become a modern country. The election cannot proceed without the participation of the left, its values, and its people. It was resolved to prepare an election declaration of the Alliance.

An election headquarters was set up that will coordinate preparations and the participation of the Alliance in elections.

[The following is the Alliance's statement:]

We have made a beginning.

We understand that participation in elections in the colors of the left does not yet amount to a success. After all, it is the result that counts.

In the face of an offensive by the oh-so "Polish" right wing, the unity of the left gives us a chance because our strength is rooted in this unity, unity precisely in terms of our values and interest rather than in grabbing a segment of participation in power.

Representatives of the OPZZ [All-Polish Trade Unions Agreement] organization surprised us by a new statement to the effect that they are considering the possibility of running in the election on their own. Deputy Józef Oleksy, who viewed this initiative dialectically and stressed that a separate ticket is a test particularly for the OPZZ central office, and a "to be or not to be" for veteran trade unionists, was a realist. After all, will left-minded voters understand the separation of Miodowicz from Cimoszewicz, Kwasniewski, and Miller?

Someone once said that multiplying beings beyond what is necessary may be spectacular, but effective it certainly is not.

Preelection Party, Press Alliances Satirized*91EP0603A Warsaw PRZEGLĄD TYGODNIOWY in Polish No 23, 9 Jun 91 p 4*

[Article by Marian Downacki: "Press Alliances"]

[Text] Before the presidential elections, this time the really genuine ones, the press proclaimed that there were only two serious candidates for president: Mazowiecki and Walesa.

The press declared, incidentally, that Tyminski was not a serious candidate, but instead was a bush leaguer, lunatic, addict, and communist agent. Mazowiecki, on the other hand, was the Force of Peace, would represent the Republic with dignity, etc. Unfortunately, the not serious candidate beat the serious one.

Next the press declared that Korwin-Mikke would announce an alliance with Tyminski. In reality, both the UPR [Union for Real Politics] and Party X announced that they were not even thinking of any kind of preelection alliances.

Still earlier, the news spread about a strong, emerging center-right bloc. It was to be comprised of liberals, the ZChN [Christian National Union], and the Center Accord [PC]. In reality, the Liberal Democratic Congress [KLD] left the PC, the UPR wanted nothing to do with the PC, and the PC rejected the idea of an alliance with Christian democratic parties. After which the Christian Democratic Party christened itself and boasted of the Catholic Church's support.

Actually, the church was supporting precisely the idea of creating a large coalition of Christian parties.

Later, or maybe sooner, it was announced that Miodowicz would be in an alliance with Jurczyk and Solidarity 80. Jurczyk denied this information.

Next there began to be dreams of an alliance of all liberals. Unfortunately! Tusk declared that an alliance with orthodox liberals would be inconvenient for the KLD, while Korwin-Mikke supported the KLD on the condition that it start up separately.

Afterwards, the press announced that Minister Boni would unite with the KLD. In reality, nothing of the sort happened, and Boni issued a denial.

Then, in turn, the consolidation of leftist forces, especially postcommunist ones, was communicated. In reality, Miodowicz and Kwasniewski declared, unusually agreeably, that they were going their separate ways.

Miodowicz then announced that he was seeking an alliance with the PPS [Polish Socialist Party]. But PPS members firmly rejected that claim.

Discord prevails among the liberals, unity among the socialists. Consequently, the PPS, already broken up into

several groups, united. However, in contrast to the "shattered" liberals, who talk about themselves with respect, the "united" socialists spare no invective. They are in agreement only in condemning the SdRP [Social Democracy of the Republic of Poland].

Miodowicz announced another alliance, this time with Tyminski's electorate. Strangely, Tyminski's electorate preferred Tyminski.

The newest alliance is that of conservatives, liberals, democrats, socialists, and others, under the name of the Democratic Union [UD]. The union good-naturedly adopted one thing: It opposes the politics of the Christian Democratic Party and the politics of the PC. Later, it announced it would have a Christian democratic platform.

There were four populist parties plus the Solidarity RI [Individual Farmers] Trade Union, headed by an extreme liberal, Gabriel Janowski. As we know, Janowski called for an increase in tariffs, subsidies for agriculture, and other relief, whereby he showed that he winks at liberalism. The liberal prime minister, by accepting those subsidies, does too. In spite of this, the KLD and Solidarity RI did not enter into an alliance.

The two most important populist parties, PSL [Polish Peasant Party]-Rebirth and PSL-Wilanow, quarreled constantly, so they united and moved into the same building so as not to overburden the telephone system. For the time being, the presidents of both factions, Bartoszcze and Jagielinski, have a minority in the Chief Council, so they are unable to dissolve this failed marriage.

The other two parties recognized they had nothing to talk about with the first two, so they did not join in.

Only Henryk Bak has not united with anyone, which has an effect on his voters. This tactic is diametrically different from Bartoszcze's politics. Before municipal elections, he announced an alliance with the ZChN, about which the ZChN did not even know. The disappointed Bartoszcze joined with the nationalists under the Giertych banner (famous mainly for negating Darwin's theory: Prof. Giertych is a botanist), to no avail.

The nationalists, in turn, are composed of nationalist ubeks [former Secret Service Police], national socialists, national democrats, national Christians, and real nationalists—five groups all together. Recently, yet another has arisen under the leadership of Lord Count Zamoyski. They are naturally at odds with each other. Only two of them are on good terms with each other: the Polish National Union [PWN] and the Union of the Polish Nation [ZNP]. One is forthrightly Catholic, the other fights for neopaganism and prays to the Earth Mother and Lelum Polelum. At the head of both is Boleslaw Tejkowski, an anti-Semite of Jewish descent (as Urban says).

Because the press undoubtedly sees the PC, the Christian Democrats, and the UD as the main forces, the nondemocratic UPR, having in its platform that "our civilization is Christian, our culture Catholic," will necessarily have to be described by the press as the "secular-left," because all

the other parties are center-right, Christian, and conservative liberal, while the Soviet marshals are simply "conservatives."

Korwin-Mikke agreed with the Social Democrats, specifically the PUS [Polish Social Democratic Union], on one thing—PUS is the only party in which every member is a delegate to the Sejm! The PC has the seeds of a corporate fascist party, a la Rev. Tiso. In retaliation the PC agreed with the UD on one thing: Korwin-Mikke has the seeds of an anti-Semite.

Because the confusion reached even this dimension...in Polish tradition every aristocrat had his own Jew. Thus the communists had POLITYKA, the church TYGODNIK POWSZECHNY, and Solidarity GAZETA WYBORCZA. But the PZPR [Polish United Workers Party] collapsed. The church, it was said, took away TYGODNIK's church assistant (i.e., it stopped seeing TYGODNIK as a Catholic publication—yet it recently named another), while Solidarity stopped viewing GAZETA as its own. Anti-Semitism rages on.

Miodowicz, as the press noted, invited Bujak, Kozakiewicz, Kuron, Lipski, Michnik, Sila-Nowicki, and Tyminski for May Day. None of those invited came. For balance, television showed Korwin-Mikke going resolutely to work at that time (on the other side of the street), while PAP [Polish Press Agency] pronounced him a participant in the rally.

In showing the seat of Party X, television showed five times longer the signpost with the name "Grunwald," the organization from which Tyminski leased space. Because few people know what "Grunwald" is, I will explain: It is an organization of old horses from near Lenino who, when they saw communism going bankrupt, did not realize that they were fools to believe in communism, but merely blamed it on the Jews, who they said deceived them.

For balance, Bujak resigned from ROAD [Citizens Movement Democratic Action] and established his own party, Christian democratic naturally, called the Social Democratic Movement. Here Bujak is counting on an alliance with Modzelewski and Bugaj. Unfortunately, they cannot agree with each other. Miodowicz's Working People's Movement is counting on an alliance with them—but they do not want him there either.

And now a cold shower has fallen on the whole company. The Sejm has promulgated electoral rules that are basically majority. Thus, the elections will be won by those who can establish some kind of coalition.

It should be great fun.

Office, Competencies of General Prosecutor Viewed

91EP0636A Warsaw ZYCIE WARSZAWY in Polish
16 Jul 91 pp 1, 3

[Interview with Professor Wieslaw Chrzanowski, minister of justice and attorney general, by Tadeusz Kucharski; place and date not given: "Accused Again"]

[Text] [Kucharski] Deputy Wojciech Solarewicz, chairman of the subcommission working on the draft of the law on the Prosecutor's Office currently in effect, stated during parliamentary proceedings involving this draft: "The position of the Prosecutor's Office and prosecutors within the system of the organs of legal protection will continue to be modified, in conjunction with the amendment of regulations on criminal proceedings and civil proceedings, and the organization of courts in the country. Proceeding from this assumption, I believe that in general the government draft should be adopted...." Do you believe that the time calling for the amendment of the law has now arrived?

[Chrzanowski] I believe that the time came when appellate courts were set up because it became necessary to keep the court system and the prosecutors' offices in parallel. This is why a preliminary draft of amendments to the law on the Prosecutor's Office developed at my request provides for setting up appellate prosecutors' offices, as was the case in the interwar period.

[Kucharski] However, not a single one of the prosecutors who have made official statements regarding the draft amendments saw a need for such changes. Representatives of the Trade Union of Prosecutors who hold staff positions at the ministry wrote on behalf of the Main Council of this union that the tasks of the appellate court "are accomplished properly by the appellate departments" of voivodship courts.

[Chrzanowski] I find this very surprising because immediately after the appellate courts were set up, many prosecutors brought up the need to amend the law. Representatives of my deputies and of the Department of Prosecutors' Offices served on the team that prepared the first version of the amendments. A deputy voivodship prosecutor even developed his own draft amendments. Now, I am encountering various negative arguments. The concept of abolishing the position of "prosecutor in the Ministry of Justice" is combated perhaps the most vigorously at the ministry. Is this justified? Differences in the interpretation of a provision of the law have surfaced with regard to this issue. Prosecutors from the ministry are of the view that the law on prosecutors' offices created, though imprecisely, a third tier of prosecutors' offices—prosecutors' offices at the Ministry of Justice—and therefore also the positions of prosecutors at this level. My conviction is that the ministry should not be yet another tier of prosecutors' offices because, after the appellate prosecutors' offices are set up, the ministry will not be an echelon with regard to overseeing investigations, considering complaints, and so on. Oversight by the ministry should be general in nature; it should cover issues such as personnel policy, professional training, organizational arrangements, and effectiveness of operations, rather than the resolution of specific criminal cases.

[Kucharski] Therefore, in your opinion what should the status of prosecutors in the ministry be?

[Chrzanowski] At present, it is fitting to state that these are voivodship prosecutors assigned to the Ministry of Justice, and in the future they would also be appellate prosecutors delegated to the ministry.

[Kucharski] However, because this issue gives rise to such powerful emotions, is it worthwhile to carry on this argument?

[Chrzanowski] It is necessary to clarify this issue in the manner the draft amendments do because otherwise, an imperturbable, self-contained category of ministerial prosecutors will emerge, and the attorney general of the ministry will have no opportunity at all to select his coworkers. If the minister is to be responsible for the proper operation of the prosecutors' offices, he should have an opportunity to shape his team of associates. This does not concern only me, but all who will hold this position after me. Only accepting the principle of assigning voivodship and appellate prosecutors to the ministry, instead of ministerial prosecutors "for life," provides such an opportunity.

[Kucharski] The concept of eliminating the positions of deputy attorneys general also causes objections. Apprehensions are voiced that undersecretaries of state who do not have the status of prosecutors will issue official orders to the prosecutors.

[Chrzanowski] In this matter, I would like to take these reservations into account by introducing the principle that the undersecretary of state overseeing the prosecutors' offices will be required to have the qualification of prosecutor, and if this is still not good enough for my opponents, that he will even be required to secure a prosecutorial nomination.

[Kucharski] Before the war, the first prosecutor of the Supreme Court, together with a team of prosecutors, operated at the Supreme Court. Your amendments do not provide for this, and the charge is leveled that prosecutors of too low a rank will appear before the Supreme Court after the elimination of the Office of the Prosecutor at the Ministry of Justice.

[Chrzanowski] Without dwelling on unnecessary theories, I would like to say that at present, the model of the Supreme Court is different from the one before the war. There is nothing to prevent a prosecutor of an "appropriately" high rank from appearing before the Supreme Court. However, he should be from among the appellate or voivodship prosecutors who knows given cases best, who has been on the cases since the beginning of the proceedings. In this instance, considerations of substance are more important than those of prestige.

[Kucharski] The provision of the amendment under which the attorney general will be able to recall a prosecutor who receives an unfavorable evaluation of his professional competence in the course of two consecutive inspections by a superior prosecutor has also aroused much passion.

[Chrzanowski] Given the current actual inability to remove prosecutors, I believe this arrangement to be necessary if the prosecutor general is to be held responsible

for their moral and professional standard. However, I remind my opponents expressly that decisions of the prosecutor general on recalling prosecutors will be administrative decisions in nature, and will thus be subject to appeal to the NSA [Supreme Administrative Court]. The latter court will review to what extent the decision of the attorney general is substantiated.

[Kucharski] The aforementioned representatives of the Trade Union of Prosecutors wrote in their position paper that this possibility of recalling prosecutors "is unambiguously perceived by the community of prosecutors as intended to be a tool of yet another vetting procedure."

[Chrzanowski] There are no grounds at all for this accusation. The gradual cleansing of the prosecutors' offices of unfit persons would rather be a means to prevent all tendencies toward having yet another vetting procedure.

[Kucharski] Do such tendencies exist?

[Chrzanowski] Postulates in this matter appear in many letters that I receive, as well as during meetings in many social milieus. I have already stated on many occasions that I am against resuming something akin to vetting. I believe that this would not only be improper from the human point of view but also very dangerous from the point of view of the operation of the institution. This is why I may guarantee that nothing resembling vetting will come about for as long as I am minister. However, a lawful and court-controlled arrangement for cleansing personnel should be created in order for this to never come about.

[Kucharski] Your amendments to the law supposedly violate the principle of prosecutors being apolitical. I do not understand this accusation, but neither am I interested in knowing whether it is correct. I would rather ask for a frank statement. Do you believe that the principle of being apolitical with regard to a community such as that of prosecutors is a fiction?

[Chrzanowski] Of course, it is a fiction. How can one believe that those who were members of a political party for several decades will suddenly become apolitical when ordered?

[Kucharski] Especially if the PZPR [Polish United Workers Party] was the party, and its members were people whose task it was to safeguard the system rather than miners or farmers. Meanwhile, we hear all the time that you are the only person in the Prosecutor's Office who is not apolitical.

[Chrzanowski] When this charge was leveled against me at a certain meeting, I explained that it is not important for me whether someone belongs to a political party, as I do, or, as a majority of the current prosecutors, used to belong to a party with a certain reputation, but only whether this person tries to overcome his attitude which this "ruling" party has shaped. For me, the declaration of being apolitical in itself is not sufficient.

[Kucharski] Perhaps this unclear and obscure situation should be eliminated, and the right of prosecutors to belong to parties should be restored?

[Chrzanowski] I have already said many times that it has been unimportant whether prosecutors belong to political parties since the time when the Prosecutor's Office lost the nature it had under the totalitarian state and began handling antisocial behaviors exclusively. Theft must be theft, murder must be murder, and so on for all prosecutors, regardless of whether they belong to the SdRP [Social Democrats of the Republic of Poland], the PSL [Polish Peasant Party], the ZChN [Christian-National Union], and so on. Prosecutors who have always been unaffiliated with the party have complained to me several times by now that their colleagues—former PZPR members—are creating self-contained communities, and treat those former nonparty members poorly. How am I to respond to this? After all, I am aware that various political orientations exist in the Prosecutor's Office, like in all other professional communities. Perhaps, if such orientations were able to exist openly, these closed clans, which are certainly aimed at safeguarding the secrecy of political views, would not be formed.

[Kucharski] Could it be that this secrecy of views is safeguarded because of your political profile?

[Chrzanowski] I do not rule this out either. The fact that at one time I was treated poorly by Communist prosecutors may cause apprehensions that I have a complex with regard to the left-wing persuasions of the prosecutors. However, I have never given grounds for such apprehensions.

[Kucharski] The form in which your amendments to the law and all provisions of it are protested is arrogant and even aggressive. You, the minister of justice (!), were accused on many occasions of violating the Constitution. In a letter to Prime Minister Bielecki, representatives of the Trade Union of Prosecutors accused you of "glaring violations of the law." Some members of the Council of Prosecutors of the prosecutor general charged—in your presence—that the draft amendments were "a botch," "a shame for the ministry," and so on. So, you have no luck with prosecutors. Back then, they accused you as a regular citizen of actions detrimental to the state, and now they accuse you as their superior of actions detrimental to the ministry and the state.

[Chrzanowski] Indeed, this is how strange my relationship with the prosecutors is.

[Kucharski] The director of the Legal Department, perhaps the most experienced prosecutor in the ministry, asked: "Is it worthwhile to introduce amendments to the law on the Office of the Prosecutor at a time when draft amendments to the Constitution are being developed?" Do you have an answer to this question?

[Chrzanowski] I am not aware of a draft Constitution that has a place for the Prosecutor's Office different from that in the current law....

[Kucharski] However, it is known that demands to subordinate the Prosecutor's Office to the president or the Sejm are being aired.

[Chrzanowski] Yes. It appears to me that they are rooted in certain nostalgia for the old model of the Prosecutor's Office as a separate organ. Some people would like to transplant this Leninist model of the Prosecutor's Office to the soil of our democratic state. This was expressed in a ZPP [Association of Polish Lawyers] resolution adopted during Lawyers' Days, as well as in statements and even in a note of the first deputy prosecutor general....

[Kucharski] Why do you think that this model is unacceptable?

[Chrzanowski] Organizational arrangements are always controversial; each of them has advantages and disadvantages. I consider the model that existed in Poland between the wars, with certain modifications, to be better because if the government, in keeping with the Constitution, is to be responsible for the level of safety of its citizens and for fighting crime, it should have requisite tools, that is, the police and the Prosecutor's Office. In the People's Republic of Poland, the Prosecutor's Office was not only separated from the government, but even accomplished the tasks of overseeing the government to some extent, being actually a tool of the PZPR Politburo. At present, in a democratic state, such a niche for the Prosecutor's Office is neither needed nor possible.

Military Emblems, Standards, Flags Revised

91EP0624A Warsaw GAZETA WYBORCZA in Polish
17 Jul 91 p 5

[Article by (aj): "Eagle in Gold With Crown in Mounting"]

[Text] In the next four years, the emblems, standards, and flags of the Polish armed forces will change. This operation will cost 20 billion zlotys [Z].

The production of new military eagles has already begun. "Moreover, a representative company, the military police, is already using the eagles, and they are currently being

used for the design of headgear just introduced. But this has no legal basis, and time is important enough that the change in military emblems should be coordinated with the changes of names and patrons taking place," write the sponsors of the bill on armed forces' emblems accepted last week by the Council of Ministers.

The new military eagle will differ from the national shield. It will assume a shape from the turn of the 19th century. The crown will be restored "according to tradition, closed, with all its proper fittings" (i.e., with a cross).

There will be three types of military eagles: Ground Forces, Air Force (with hussar's wings), and Navy (with an anchor in the shape of the letter S—the Latin initial of the creator of the Polish fleet, King Zygmunt August).

The eagles will be:

- Stamped in metal, silver plated, and oxydized—on the caps of professional garrison soldiers of the Ground and Air Forces and Air Defense.
- Woven in gold thread—on the caps of professional garrison soldiers of the Navy.
- Stamped in metal, nickel plated, and oxydized—on the caps of garrison soldiers of the basic services.
- Stamped in plastic—on berets and field caps.
- Painted, with a simplified sketch—on helmets.

The introduction of the new eagles, also on buttons, will cost about Z11 billion.

The standards of military units are to be similar to those designed from the time of the Polish monarchy (they were similar before the war). They will replace "the standard in the shape of the letter-size envelope foreign to Polish military tradition." The basis of the standard will be the cavalry cross, similar in color to royal standards of the 18th and 19th centuries.

There will also be an opportunity to "show associations between military emblems and the public by including coats of arms or other symbols of a founder."

Modernizing the standards will cost about Z2 billion.

On Navy pennants, the arms semaphores, derived from German designs, will be replaced by an arms semaphore—an element of Lithuania, the dynastic crest of the Jagiellonians. Navy symbols will also include state shield—at about Z3 billion.

The Air Force grid will also have its proper form restored (about Z2 billion).

The law introduces flags for the various armed forces. The use of these flags by the Polish military traces to the mid-13th century, or perhaps to the end of the 12th. In military ceremonies they will replace the national flag, which out of deference should not be overused.

The new flags will cost about Z2 billion.

In total, the changes in armed forces' emblems will cost about Z20 billion, based on prices as of 1 September 1990.

The old emblems can be used until the end of 1995.

400 Firms Chosen for Accelerated Privatization

91EP0641A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 18 Jul 91 pp I, VII-VIII

[Article by Ada Kostrz-Kostecka, followed by listing of 400 firms: "The List of 400 Still Is Not Closed"—last three paragraphs are comment by Ma.S.]

[Text] The privatization of 400 enterprises included in the nationwide privatization program will be preceded by their accelerated commercialization, that is, conversion to one-person Treasury companies. On 17 July, at a conference at the Ministry of Ownership Transformation, the list of the enterprises selected for this purpose was presented (we are publishing it on pages VII and VIII of this issue). According to Minister Janusz Lewandowski, this list is not closed, meaning that recalls or deletions are possible, along with new additions, which may be performed by both the interested parties and the parent agencies.

The complete preliminary list contained 930 items, and 400 enterprises were selected from that group. The selection was performed by Nicom Consulting, Ltd., jointly with 17 other consulting companies. Allowance was made for the following criteria: a good current and long-range economic, market, and financial situation; social considerations, that is, the consent of the management and the work force (worker council) to the commercialization; and the absence of conflicts at the workplace. In appraising the economic condition allowance was made for the results of 1990 and of the first four months of the present year.

The selection resulted in deleting 131 enterprises owing to resistance from worker councils and 98 owing to a negative ruling of the Antimonopoly Office. An additional 13 candidates were eliminated owing to the threat of a potential internal conflict, while 159 enterprises were turned down by the Ministry itself and included in sector privatization. Lastly, 219 enterprises were eliminated in view of

their selection of the path of individual privatization. (In some cases these factors overlapped, so that a simple summation here is impossible.)

The enterprises selected for mass commercialization accounted for 10.5 percent in income from sales of products and services in the economy as a whole in 1990.

The list of 400 includes such well-known enterprises as the Boleslaw Mining and Metallurgical Works; the porcelain factory in Chodzież; the Batory, Warszawa, and Malapanew steelworks; the shoe factory in Chelm; the Gerlach Match Industry Factory in Czechowice; the phosphorous fertilizers plant in Gdansk; the Graphics Works in Gdansk; the Polish Reagents PPH [State Trade Enterprise]; furniture factories in Goleniow, Goscinna, Biala Podlaska, Katowice, Pila, and Zamosc; the Siarkopol Sulfur Works in Grzybow; chemical plants in Jaworzno and Blachowa; Meraster in Katowice; and Kowary and Dywilan rug factories. A sizable group of the enterprises selected is located in Lodz: Eskimo and Alba cotton plants; Olimpia and Femina knitwear factories; "Spring of Peoples" wool plant, and others. The list also includes: the Lublin automotive plant; the aluminum plant in Konin; the Jedwabie silk plant in Milanowek; the enameled ware plant in Olkusz; the Police and Pollena chemical plants in Poznan, Wroclaw, and Warsaw; the PZL Works in Rzeszow and Warsaw; the railroad rolling-stock plant in Swidnica; the Dana garment industry works; the Merinotex and Elana spinning mills in Torun, and CEMI and Optics Works in Warsaw. In addition, the Warsaw enterprises on the list include Dromez, the Elemis WZT [Warsaw Television Plant], the Wola PZL [State Aviation Plant], and Telkom-Zwut [telecommunications equipment].

The selection process is not over yet. Elimination from the list may be decided by, e.g., a poor performance in the last few months and threat of bankruptcy, or too by a change in the position taken by the worker council.

The final list of enterprises will be provided to the National Assets Boards only in the fall.

According to Minister Lewandowski, the Ministry shall try to submit a draft program for nationwide privatization to the Sejm in August. "We would like," the minister said, "to have it in the form of a Sejm resolution accompanied by a law updating some of the existing legal acts."

The nationwide privatization program is addressed to the inactive part of the Polish population, that is, about 90 percent, said Minister Lewandowski at a meeting of the Club of Liberal Journalists last Wednesday.

The privatization vouchers promoted so strongly by certain circles would be "fallacious titles to wealth," declared Lewandowski. "We know this after several months of work on privatization because in Poland there is no accurate system for keeping population records, and it would be tremendously expensive to determine the book value of the vouchers. We have given up on extending the vouchers to

children, for technical reasons. The cost of verifying the identity of their legal guardians would be too high and incommensurate to the value of the assets allocated."

Minister Lewandowski further declared that the amount of professionalism and efforts invested by experts in the work on privatization is not being appreciated.

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
1	Dana Garment Industry Works	Szczecin
2	Coal Industry Repair Works	Zabrze
3	Weighing Scales Factory	Lublin
4	Elektromontaz No.1 Enterprise for the Manufacture and Installation of Electrical Equipment for the Construction Industry	Katowice
5	Chemet Chemical Equipment Plant	Tarnowskie Gory
6	Trzebionka Mining Works	Trzebinia
7	Siarkopol Sulfur Mines and Chemical Plant	Grzybow
8	Electrical Networks Plant	Wroclaw
9	Elektrobudowa Electrical Installation Enterprise	Katowice
10	Elbud Power Industry Construction Enterprise	Gdansk
11	Alba People's Army Cotton Industry Works	Lodz
12	Wisam M. Formalska Window Curtains Plant	Skopanie
13	Energopol 7 Hydrotechnical and Power Industry Pipeline Plant	Poznan
14	Mechanical Furnace Plant	Mikolow
15	Ema-Fael Lower Silesian Precision Apparatus Plant	Zabkowice Slaskie
16	Power Industry Repair Works	Wroclaw
17	Pasomon Industrial Belt Plant	Bydgoszcz
18	Pisz Adhesives Industry Plants	Pisz
19	Fako Lodz Lace Factory	Lodz
20	Katowice Industrial Construction Enterprise	Katowice
21	Georyt Mining Equipment Plant	Krakow
22	Elbud Power Industry Construction Enterprise	Warsaw
23	Powen Mining Machinery Plant	Zabrze
24	PZZ [State Grain Elevators] Voivodship Grain and Flour Mill Industry Plant	Gdansk
25	Radoskor Leather Industry Works	Radom
26	Elektromontaz Enterprise for the Manufacture and Installation of Electrical Equipment for the Construction Industry	Wroclaw
27	Refrigerating Equipment Plant	Bydgoszcz
28	J. Lenski Famur Mining Machinery Plant	Katowice
29	Industrial Construction Enterprise	Tarnobrzeg
30	Montin Nowa Huta Industrial Installation Enterprise	Krakow
31	Polam-Pabianice Electric Bulb Factory	Pabianice
32	Opole Lumber Industry Works	Opole
33	Power Industry Repair Plants	Lublin
34	Paris Commune Industrial Plant	Radomsko
35	Izolacja Watertight Insulating Materials Enterprise	Zdunska Wola
36	Energomontaz-South Enterprise for the Installation of Industrial Power Equipment	Katowice
37	Elbud Power Industry Construction Plant	Katowice
38	Plock Agricultural-Industrial Enterprise	Plock
39	Boleslaw Ruminski Chemical Plant	Inowroclaw
40	Spomasz Food Machinery Plant	Bialystok

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
41	Industrial Construction Enterprise No.2	Wroclaw
42	Industrial Construction Enterprise No.1	Wroclaw
43	Haft Perforated Products Plant	Kalisz
44	Swidnica Railroad Rolling-Stock Plant	Swidnica
45	Measurement and Automation Equipment Installation Plant	Katowice
46	Tarnow Machinery Works	Tarnow
47	Demak Mining Equipment Plant	Myslowice
48	Befared Factory	Bielsko-Biala
49	Bielsko Reinforcements Plant	Bielsko-Biala
50	Weltom Rug Factory	Tomaszow Mazowiecki
51	Refrigerating Equipment Plant	Bochnia
52	Izokor-Instal	Dabrowa Gornicza
53	Kowary Rug Factory	Kowary
54	Predom Design and Technology Bureau	Wroclaw
55	Ema-Centra United Electrochemical Works	Poznan
56	Predom-Zelmer Household Power Appliances Works	Rzeszow
57	Electrical Systems Plant	Krakow
58	Elektromontaz Structural Electrical Equipment Manufacturing and Installation Enterprise	Poznan
59	Industrial Equipment Plant	Swidnica
60	Predom-Metrix Household Power Appliances Plant	Tczew
61	Prefabet	Kluczbork
62	Table China Works	Lubiana
62	Instal Industrial Installation Works	Plock
64	Mostostal Steel Structural Components and Industrial Equipment Enterprise Stalowa	Wola
65	Elektromontaz 2 Structural Electrical Equipment Manufacturing and Installation Enterprise	Katowice
66	Lumel Lubuskie Electrical Devices Plant	Zielona Gora
67	Telkom-PZT State Teletransmission Plant	Warsaw
68	Len Linen Industry Works	Kamienna Gora
69	Polam Installation Equipment Plant	Naklo
70	Poldres Garment Industry Works	Zyrardow
71	Alwernia Chemical Plant	Alwernia
72	Mostostal Silesian Steel Structural Components and Industrial Equipment Enterprise	Zabrze
73	Izolacja Structural Insulating Materials Enterprise	Szczucin near Tarnow
74	Power Industry Manufacturing and Repair Plant	Jedlicze
75	Lentex Silesian Linen Industry Works	Lubliniec
76	Instal Industrial Installation Enterprise	Rzeszow
77	Agromet-Dolzamet	Chojnow
78	Podhale Nowy Targ Leather Industry Works	Nowy Targ
79	Organika-Azot Chemical Plant	Jaworzno
80	Boleslaw Mining and Metallurgical Plants	Bukowno
81	Agromet-Unia Agricultural Machinery Plant	Grudziadz
82	Reinforcement Rods Plant	Glucholazy
83	Wigolen Linen Industry Works	Czestochowa

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
84	First Aid Materials Plant	Pabianice
85	Rawent Dust Purification Equipment Plant	Skierniewice
86	Metalplast Construction Supplies Plant	Zamosc
87	ERG Plastics Plant	Pustkow
88	Radom-Podkanow Electrical Switch Plant	Radom
89	ZEG Mining Electronics Plant	Tychy
90	Power Industry Repair Plant	Warsaw
91	ERG-Zabkowice Plastics Plant	Dabrowa Gornicza
92	Refractories Plant	Zarow
93	Energomontaz-North Electrical Industrial Equipment Installation Enterprise	Warsaw
94	Pollena-Lechia Cosmetics Factory	Poznan
95	Sugar Factory State Enterprise	Werbkowice
96	Fats Industry Works	Zamosc
97	Natural Silk Works	Milanowek
98	Kablobeton Industrial Construction Enterprise	Warsaw
99	Mostostal Steel Structural Components, Refrigerating and Industrial Equipment Enterprise	Wroclaw
100	Szopienice Nonferrous Metals Plant	Katowice
101	People's Guard Furniture Industry Works	Radomsko
102	Nowomag Mining Equipment Plant	Nowy Sacz
103	Glassmaking Sands Quarry and Processing Plant	Osiecznica
104	Toilet Articles Plant	Krasnystaw
105	Hutmen Nonferrous Metals Processing Plants	Wroclaw
106	Biawena Wool Industry Works	Biala Podlaska
107	Mostostal Lightweight Steel Structural Elements Plant	Siedlce
108	ZAP Storage Battery Plant	Piastow
109	Industrial Equipment Plant	Nysa
110	Office Materials Plant	Pruszkow
111	Bielsk Installation Operations Enterprise	Wadowice
112	Izopol Pomeranian Insulation Materials Plant	Trzemeszno
113	Pollena-Uroda Cosmetics Factory	Warsaw
114	Mera-Pafal Precision Equipment Manufacturing Plant	Swidnica
115	Matizol Insulation Materials Enterprise	Gorlice
116	Stradom Linen Industry Works	Czestochowa
117	PZL-Bimet Ball Bearings Plant	Gdansk
118	Teofilow Textile and Haberdashery Plant	Lodz
119	Wtormet Metals Processing Enterprise	Bytom
120	Nitron-ERG Plastics Works	Krupski Mlyn
121	Ceol-ERG Plastics Works	Wojciechowo
122	Tanning Works	Brzeg
123	Erna-Tamel Electric Motors Plant	Tarnow
124	Szczecin Phosphorous Fertilizers Plant	Szczecin
125	Polam Installation Equipment Plant	Szczecinek
126	May 1 Carbon Electrode Plant	Raciborz
127	Mifama Mikolow Machinery Factory	Mikolow

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
128	Weltex Carding and Spinning Mill	Wroclaw
129	ERG Plastics Works	Wabrzezno
130	Fasing Mining Equipment and Tools Plant	Katowice
131	Metalchem Chemical Equipment Plant	Koscian
132	PZL-Krakow Transportation Equipment Plant	Krakow
133	Dr. Roman May Poznan Chemical Works	Lubon near Poznan
134	Spomasz Food Industry Packaging Machinery Plant	Gniezno
135	Fagum-Stomil Lodz Rubber Industry Works	Lodz
136	Bester Technological Equipment Plant	Bielawa
137	Chemitex-Wiskord Chemical Fibers Plant	Szczecin
138	Famago Open-Strip Mining Machinery Plant	Zgorzelec
139	Food Industry Equipment Plant	Pleszew
140	Tagor Mining Machinery Plant	Tarnowskie Gory
141	Inzynieria Municipal Engineering Plant	Ostrow Wielkopolski
142	Zabrze Steelworks	Zabrze
143	Meraster Control Systems Research and Production Center	Katowice
144	Coal Industry Construction Enterprise	Katowice
145	Krakow-Leg Thermoelectric Power Plant State Enterprise	Krakow
146	Anilux Carding and Spinning Mill	Jelenia Gora
147	Fazos Mechanized Wall Erection Plant	Tarnowskie Gory
148	Izolacja Structural Insulating Materials Enterprise	Ogrodzieniec
149	Ponar-Pleszew Machine Tools Plant	Pleszew
150	Mostostal Structural Steel Components Plant	Slupca
151	Lublin Leather Industry Works	Lublin
152	Beton-Stal Warsaw Power Industry and Industrial Construction Enterprise	Warsaw
153	Spomasz Torun Flour Mill Equipment Works	Torun
154	Montomet Works	Piekary Slaskie
155	Strem Chemical Plant	Dabrowa Gornicza
156	Poltops Wool Carding Plant	Zagan
157	Pasmanta Haberdashery Industry Works	Bialystok
158	Rytex Wool Industry Works	Bielsko-Biala
159	Pokoj Cement Kiln	Rejowiec
160	Iron Foundry	Wegierska Gorka
161	Gumownia Rubber Accessories and Hardware	Trzebinia
162	Goleniow Furniture Works	Goleniow
163	Chemia Chemicals Trading Enterprise	Wroclaw
164	Runotex Forest Products Plant	Kalisz
165	Gorka Refractories Plant	Trzebinia
166	Gniezno Tanning Works	Gniezno
167	Light Industry Repair and Installation Works	Wroclaw
168	Stolbud S. Prytycki Construction Joinery Works	Sokolka
169	Industrial Construction Enterprise	Gdansk
170	EDA Electrical Machinery Works	Poniatowa
171	Transomet	Katowice

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
172	Batory Steelworks	Chorzow
173	Opalenica Sugar Factory	Opalenica
174	Budostal-4 Industrial Construction Enterprise	Dabrowa Gornicza
175	Zremb-Makrum Pomeranian Machine Building Works	Bydgoszcz
176	Frios Leather Gloves and Garments Factory	Miastko
177	Felt Products Plant	Bielsko-Biala
178	Kruszwica Sugar Factory State Enterprise	Kruszwica
179	Frigoopol Refrigeration Industry Plant	Opole
180	"Polish Chemical Reagents" Industrial-Commercial Enterprise	Gliwice
181	Konwent Dust Purification Equipment Plant	Konskie
182	Lighting Equipment Plant	Gostynin
183	Malapanew Steelworks	Ozimek
184	Enameled Ware Factory	Myszkow
185	Sugar Factory State Enterprise	Strzyzow
186	District Grain and Flour Mill Industry Enterprise	Boleslawiec
187	"Miasteczko Slaskie" Zinc Plant	Tarnowskie Gory
188	Pioma Mining Machinery Factory	Piotrkow Trybunalski
189	L. Zieleniewski Machinery and Apparatus Plant	Krakow
190	Magnesite Plant	Ropczyce
191	Light Metals Works State Enterprise	Kety
192	Screw Factory	Lancuta
193	Energopomiar Power Measuring Equipment Plant	Gliwice
194	Luxpol Knitwear Industry Works	Stargard Szczecinski
195	Porcelain and Porcellite Plant	Chodzież
196	Kujawy Industrial Construction Enterprise	Brzesc [near Wloclawek]
197	Construction Combine	Torun
198	Pomeranian Power Industry and Industrial Construction Enterprise	Szczecin
199	ERG Plastics Works Gliwice 200 Spomasz Food Machinery Plant	Zary
201	Rafio Garment Industry Works	Walbrzych
202	Concrete Aggregate Plant	Krakow
203	PZZ Grain and Flour Milling Industry Enterprise	Rzeszow
204	Metallurgical Plant	Trzebinia
205	General Construction Enterprise	Tychy
206	Gen. Wroblewski Fats Industry Works	Gdansk
207	Konstal Steel Structural Components Plant	Chorzow
208	M. Kasprzak Industrial Textiles Plant	Zyrardow
209	Femina Knitwear Industry Works	Lodz
210	Dromex Transportation Equipment Exporting Enterprise	Warsaw
211	PZL-Rzeszow Transportation Equipment Plant	Rzeszow
212	Mostostal Structural Steel Components Plant	Chojnice
213	Lower Silesian Leather Glove Works	Swidnica
214	Miflex Radio Subassemblies Plant	Kutno
215	Match Industry Works	Czechowice

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
216	Instal Industrial Installation Plant	Kalisz
217	Sigmatex Knitwear Industry Works	Piotrkow Trybunalski
218	Konin Aluminum Plant	Maliniec
219	Meta-Polna Automation Plant	Przemysl
220	Sanwil Coated Products Plant	Przemysl
221	Famarol Agricultural Machinery Factory	Slupsk
222	Conres Garment Industry Works	Rzeszow
223	Organika-Zachem Chemical Plant	Bydgoszcz
224	Food Industry Machinery and Equipment Plant	Ostrow Wielkopolski
225	Nowy Lad Anhydrite Mine	Niwice
226	Construction Combine	Krosno
227	Petroinfor Petrochemical Industry Organization and Information Center	Krakow
228	Agromet-Pilmet	Wroclaw
229	PZL-Gorzyce Transportation Equipment Plant	Gorzyce
230	Telkom-ZWUT Parisian Commune Telecommunications Equipment Plant	Warsaw
231	Wizow Chemical Plant	Boleslawiec
232	Sugar Factory	Lublin
233	Automotive Electrical Equipment Plant	Duszniki
234	Sabinow Mining and Metallurgical Works	Czestochowa
235	Karolina Table China Factory	Jaworzyna
236	Telecommunications Recharging Equipment Plant	Szczecinek
237	Cellulose Plant	Niedomice
238	Elemis Television Plant	Warsaw
239	Syntex Hosiery Industry Factory	Lowicz
240	Lumber Industry Enterprise	Pila
241	Municipal Construction Enterprise	Ostroda
242	Famed Electromedical Equipment Plant	Lodz
243	Mera-Pnefal Industrial Automation Enterprise	Warsaw
244	"Skawina" Metallurgical Plant	Skawina
245	Phosphorous Fertilizers Works	Gdansk
246	Elpo Garment Industry Works	Legnica
247	Unitra-Toral Electron Plant	Torun
248	Texupol Wool Industry Plant	Lodz
249	Transhut Metallurgical, Iron, and Steel Transportation Enterprise	Katowice
250	Dalmor Deep-Sea Fishery and Fishing Services Enterprise	Gdynia
251	Goscinska Furniture Factory	Goscinin
252	Orzel Bialy Mining and Metallurgical Plant	Bytom
253	Warmia Garment Industry Works	Ketrzyn
254	Zielonogorskie Furniture Works	Zielona Gora
255	Bielsko-Biala Graphics Works	Bielsko-Biala
256	Pollena Wroclaw Household Chemicals Works	Wroclaw
257	Klemensow Sugar Factory-State Enterprise	Szczeczeszyn
258	Welux Wool Industry Works	Bielsko-Biala
259	Transmasz Metallurgical Machinery Transportation Enterprise	Piekary Slaskie

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
260	Agrochem Mineral and Chemical Fertilizers Marketing Enterprise	Krakow
261	Spomasz Food Industry Machinery and Equipment Plant	Znin
262	Tomaszow Mineral Raw Materials Mines	Biala Gora
263	Welur Decorative Textiles Works	Kietrz
264	ERG Plastics Works	Olawa
265	Coal Industry Construction Engineering Enterprise	Katowice
266	Screw Factory	Zywiec-Sporysz
267	Krasnystaw Sugar Factory State Enterprise	Siennica Nadolna
268	Lukbut Leather Industry Works	Lukow
269	Lower Silesian Paper Products Works	Chojnow
270	Mewa Knitwear Industry Works	Bilgoraj
271	Blachownia Chemical Plant	Kedzierzyn-Kozle
272	Zabkowice Household Glass Products Plant	Dabrowa Gornicza
273	Dywilan Rug Factory	Lodz
274	Zywiec Paper Products Works	Zywiec
275	Ariadna Widzew Thread Factory	Lodz
276	Orzel Linen Industry Works	Myslakowice
277	Trzuskawica Lime Industry Works	Sitkowka
278	Intertex Carding and Spinning Mill	Sosnowiec
279	Merinotex Carding and Spinning Mill	Torun
280	Belma Electrical Machinery Works	Bydgoszcz
281	Kegar Tanning Works	Kepice
282	Bieltex Dabrowszczakow Cotton Industry Works	Bielawa
283	Boruta Dyestuffs Industry Works	Zgierz
284	Hanka Knitwear Industry Works	Legnica
285	Wistil Silk Industry Works	Kalisz
286	Stanislaw Staszic Polmo-SHL Special-Purpose Motor Vehicle Plant	Kielce
287	Polmatex-Defka Lower Silesian Weaving Loom Factory	Dzierzoniow
288	Silwana Silk Industry Works	Gorzow Wielkopolski
289	Polmo Automotive Mechanisms Plant	Szczecin
290	Polmozbyt State Enterprise	Wroclaw
291	Polesie Nadburzanskie Leather Industry Works	Wlodawa
292	Polchem Inorganic Industry Plants	Torun
293	ENAMELED Ware Factory	Olkusz
294	Remor Marine Equipment Plant	Recz
295	Piensk Glass Plant	Piensk
296	Andropol Cotton Industry Works	Andrychow
297	Fabud Coal Construction Enterprise	Siemianowice Slaskie
298	Silma Low-Power Engine Works	Sosnowiec
299	Household Glass Products Factory	Zawiercie
300	Politex Carding and Spinning Mill	Sosnowiec
301	Jarian Knitwear Industry Works	Jaroslaw
302	Industrial Optics Center	Warsaw

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
303	Unitra-Unicon Electronic Assembly Plant	Bialogard
304	Coal Construction Enterprise	Gliwice
305	Zawiercie Steelworks	Zawiercie
306	Pomeranian Foundry and Enameling Plant	Grudziadz
307	Polish Optics Plants	Warsaw
308	Wrozamet Heating Equipment Plants	Wroclaw
309	Silesian Lime Industry Works	Tarnowskie Gory
310	Bomet Marine Equipment Works	Barlinek
311	Pierwsza Silk Industry Works	Lodz
312	Cotton Industry Works	Luban
313	Fato-Ponar	Bydgoszcz
314	Elmor Marine Electrical and Automation Equipment Works	Gdansk
315	Municipal Construction Enterprise	Ilawa
316	Mikroma Special-Purpose Low Capacity Electrical Machinery Enterprise	Wrzesnia
317	Katowice Furniture Factory	Katowice
318	Pabianice Industrial Textiles Works	Pabianice
319	PKWN [Polish Committee for National Liberation] Footwear Plants	Chelm
320	Zamosc Furniture Factory	Zamosc
321	Adhesives Industry Works	Orzechowo
322	Metalchem Metal Products Plants	Annopol
323	Silesian Insurgents Frotex Cotton Industry Works	Prudnik
324	2nd Polish Army Bielbaw Cotton Industry Works	Bielawa
325	Krywald-ERG Plastics Works	Knurow
326	Mineral Raw Materials Mines	Zielona Gora
327	Aviotex Tourist Industry Works	Legionowo
328	Unitra-Biazet Television Subassembly Plants	Bialystok
329	Gerlach Table Coverings Factory	Drzewica
330	Dekora Decorative Textiles Works	Zary
331	Eugenisz Kwiatkowski Shipyard	Ustka
332	Gen. Walter Cotton Spinning Mill	Lodz
333	Andoria High-Compression Engine Plant	Andrychow
334	Papermaking Plant	Glucholazy
335	Warta Linen Industry Works	Czestochowa
336	Automobile Factory	Lublin
337	Revolution of 1905 Iron-Casting Plant	Staporkow
338	PZZ Voivodship Grain and Flour Milling Industry Enterprise	Olsztyn
339	Sugar Factory State Enterprise	Przeworsk
340	Zremb Kujawy Construction Mechanization Plants	Solec Kujawski
341	People's Guard Polimerino Carding and Spinning Mill	Lodz
342	Stomil Rubber Industry Plants	Rogowiec [near Belchatow]
343	Viskoplast Chemical Plants	Wroclaw
344	Miranda Silk Industry Works	Turek
345	Graphics Works	Gdansk
346	Gen. W. Wroblewski Ortal Silk Industry Works	Lodz

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
347	Doltex Cotton Industry Works	Bogatynia
348	9 May Wool Industry Works	Lodz
349	Furniture Factory	Biala Podlaska
350	Zagan Wool Industry Works	Zagan
351	Odra Navigation State Enterprise	Wroclaw
352	Marceli Nowotka PZL-Wola Machinery Works	Warsaw
353	Towimor Marine Equipment Plants	Torun
354	Stomil Automobile Tire Plants	Poznan
355	Olimpia Knitwear Works	Lodz
356	ELWA Radio Subassembly Plant	Warsaw
357	Bumark-Fablok Construction Machinery and Locomotive Plant	Chrzanow
358	Floretta Silk Weaving Factory	Kamienna Gora
359	Stomil Rubber Industry Works	Wolbrom
360	Fugo Open-Strip-Mining Equipment Plant	Konin
361	Silesia Metal Products Plants and Steelworks	Rybnik
362	Spring of Peoples Wool Industry Works	Lodz
363	Warsaw Steelworks	Warsaw
364	Agromet Forging and Agricultural Machinery Works	Jawor
365	Glass Works	Lubartow
366	Butbedzin Footwear Factory	Bedzin
367	Kombud Coal Industry Housing Construction Enterprise	Myslowice
368	Zgoda Technology Equipment Plant	Swietochlowice
369	Elana Artificial Fiber Plants	Torun
370	Jelchem Chemical Plants	Jelenia Gora
371	Camela Garment Inserts Factory	Walbrzych
372	Lenora Haberdashery Industry Works	Lodz
373	Warsaw-Okecie State Aviation Plant	Warsaw
374	Polmetal Metal Products Plant	Radom
375	Telkom-Telfa Tele-Electronics Plant	Bydgoszcz
376	Textile Machinery Accessories and Components Plant	Bielsko-Biala
377	Construction Joinery Work	Bydgoszcz
378	Vera Upholstery Works	Lodz
379	Furniture Factory	Bialystok
380	Millboard and Fiberboard Factory	Czarnkow
381	Chemitex-Anilana Chemical Fiber Plant	Lodz
382	Violetta Crystal Glass Plant	Stronie Slaskie
383	Elanex Carding and Spinning Mill	Czestochowa
384	Pila Furniture Factory	Trzcianka
385	Ropczyce Sugar Factory	Ropczyce
386	Remur Repair and Construction Plant of the Cement, Lime, and Gypsum Industry	Wierzbica
387	PZZ Voivodship Grain and Flour Milling Industry Enterprise	Gorzow Wielkopolski
388	Cerad Radio Ceramics Plant	Warsaw
389	Bawelana Wool Industry Works	Bielsko-Biala
390	Police Chemical Plant	Police

List of Enterprises Proposed for Accelerated Commercialization

No.	Name of Enterprise	City
391	Mera-Poltik Precision Mechanisms Plant	Lodz
392	Lighting and Technology Equipment Plant	Pultusk
393	Karkonoskie Papermaking Works	Jelenia Gora
394	Eskimo Cotton Industry Works	Lodz
395	Welnopol Carding and Spinning Mill	Czestochowa
396	Presta Bolechowo Metal Extrusion Plant	Owinska
397	Wifama	Lodz
398	Fasty Wool Industry Works	Bialystok
399	Semiconductor Research and Manufacturing Center	Warsaw
400	Millboard Plant	Swieradow Zdro

Unilot Firm Aims for Ultramodern Computers

91EP0644A Warsaw RYNKI ZAGRANICZNE in Polish
No 85, 16 Jul 91 p 8

[Article by (PS): "Unilot: Problems Are Our Specialty"]

[Text] The transfer to Poland of modern computer hardware, programs, and methods of labor organization is a goal of Unilot, a limited liability corporation. Unilot uses the best Western models and technologies. This is simple because this corporation is a joint venture. PLL LOT (51 percent of assets), PEKAO S.A. Bank (25 percent of assets), and the Unisys Corporation form the corporation. Unisys, an American company, is one of the biggest and most widely respected producers of modern, complex information systems. In terms of turnovers it is in third or fourth place among computer corporations, after DEC and IBM. The company employs more than 80,000 workers and serves more than 60,000 customers in approximately 100 countries. Unisys has the potential to produce information systems for practically every client. Like most computer companies, it can supply individual computers and develop small utility programs, but it specializes—and this is the most valuable thing—in the development of large (global) computer systems in every sphere. These systems are used by airlines, banks, security exchange markets, tax and post offices, railway, police, armies (for example, the U.S. Army used a tactical operating system created by Unisys in the Persian Gulf war), and so forth. Now these models and experiences are used by Unilot. The LOT Computer Center, open 24 hours a day, was adapted and organized for Polish needs. It enables automatic customs clearance of passengers, goods, and airplanes for airlines, as well as processing for other users. The center's computers can communicate with similar systems in the world. The real advantage of the system is time cuts at customs, elimination of errors and mistakes, and savings in the costs of passenger and goods traffic. A complex information system dealing with only a small scope of activities was developed for the Ministry of the National

Education, and it has already been implemented. Unilot is able to adapt a few verified complex computer systems for Polish conditions. "In general such a market does not yet exist in Poland," believes Andrzej Kazimierski, the director for promotional affairs. "Except for the computerization of the Ministry of Finances by BULL [expansion unknown], other complex systems are not known in Poland." Unilot has, for example, made an offer to the administration of the Polish Postal Service to computerize the whole postal system, based on a system developed by Unisys and used in the best postal service in the world, the British post. It is possible that the first pilot installations will be installed at the main post office in Warsaw. A system of railway controlling, already tested in, for example, Denmark and Yugoslavia, and offered to the administration of the Polish State Railroads, is waiting to be duplicated. In Denmark, such a system enabled the total liquidation of superfluous idling of trains, indirectly hastened repairs, and improved the state of the rolling stock, etc. Many large banking systems are also waiting to be copied. "We are ready also to adapt complex systems for needs in the administration of the economy," emphasizes Kazimierski. "But according to the opinion of Western experts, the Polish system is very different from those in other postcommunist countries. For example, decisions in Poland are connected with a person, not with a position, which creates problems for programmers right from the beginning." The management of Unilot does not conceal the fact that because of the transfer of Unisys technology and know-how, the services of the corporation are very costly, but are comparable with the prices of the best firms. Unilot offers a high level of product quality. The company uses the most common fourth generation programming languages owned by Unisys (Mapper, Linc, Ally), which enable the users to run utility programs several times faster than in the traditional way. The program is actually created by the computer; the user is expected only to formulate the problem. That is why one of the slogans of Unisys and Unilot is: "Tell us what your problem is and we will solve it."

Views of PUNR Senator Motiu Assessed

91BA0957B Bucharest ROMANIA LIBERA
in Romanian 16 Jul 91 p 4

[Article by Virgil Lazar: "Senator Adrian Motiu Against the Government, Against the United States, Against Europe...."]

[Text] In an interview published by the newspaper ADEVARUL DE CLUJ under the title "It's Time To Rip Off the Blindfold," Senator Adrian Motiu (PUNR [Romanian National Unity Party]) once more, vehemently, expresses the nationalist faith that has inspired the Cluj university professor since he entered politics in December 1989.

To begin with, here is how he characterizes the events of December 1989, which in Cluj were equally as powerful and claimed many victims: "What we choose to call a revolution, this blend of spontaneous popular uprising, a palace (meaning the Central Committee of the PCR [Romanian Communist Party]) conspiracy, and the contrived intervention of the two large espionage offices, which have devised the boundaries of our present existence, this revolution I say, was not meant, was not intended by its circumstantial sponsors to clarify the prospects of our evolution..." And in response to a question ostensibly designed to "disperse the confusion relentlessly cultivated both at home and abroad," the senator answered: "Those who have thrown us into the arms of communism—that is, our Anglo-American 'allies'—aware of their sordid action, want nothing more than to bury us forever. The mausoleum must appear as honorable, and thus will be named 'The Union of Sovereign Republics' (which sounds better than Soviet)..." And after criticizing Iuliu Maniu, who in the direct opinion of the senator—whose specialty is geology—had sabotaged the operations of the marshall (Antonescu) and of Stirbei, Mr. Motiu aims his relentless fire on Mr. Coposu: "And now Coposu (please note the professor's lack of courtesy), adopting Maniu's blindness, thrusts us into the arms of economic chaos with his obstinate demand to remain isolated from developed countries."

So it is not the government that is driving us toward economic chaos, but Mr. Coposu! What a novel point of view! What a transparent red herring! "This economic

genuflection," continues Mr. Motiu, "is needed to obliterate our willpower and to make us available for the American plans for European repartitioning, plans in which we are 'melded' with the USSR (with a single S)..." This is the historical perspective offered by our geologist. At the end of the above sentence, Mr. Motiu attempts to launch a heavy projectile, and one that is possibly more credible for the readers of the newspaper in question, risking a lie for electoral purposes: "Could it be a simple coincidence that the Americans sponsor with millions of dollars the 'historical' parties and the Civic Alliance?" Of course, the interview does not end there, but over the space of many columns plods on about the presumed intentions to "sacrifice" Transylvania as part of the federalization of East European nations, followed by a reorientation of the autonomous provinces in the direction chosen by the United States and the USSR.

With respect to power, Mr. Motiu is closer to reality: "The government's manifest obtuseness, which in practical terms replicates the old communist structures and facilitates the reconstitution of the former PCR, with the idea of bringing Muntenia, and especially Moldova into the Soviet zone of influence..." Which contradicts another statement in the interview: "Under these new conditions, the communist task of creating proletariat internationalism has adopted the mold of Europeanism, a fact which eases the reintegration of the former bureaucrats into the fold of the European Community." All of which, honorable senator, is done under the protection of the "respectful opposition" which you and the party you represent in Parliament offer the FSN [National Salvation Front] government...supporting its actions without reserve. Were I to simply list the laws that you have voted in bloc, the people would have enough reason to accuse you of complicity to restrain democracy and of assault against the rights and freedom of man, and of all the sins that you are uncovering in the government.

How does Senator Motiu perceive the future?

"If evolution will lead toward a united Europe," he states, forgetting the scenario outlined before, "it will have to be a Europe of Nations." Which is in fact a variant of Ceausescu's theories about the role of nations in contemporary history. It is no wonder that the senator is once more fluttering before our eyes. But he is determined to rip off our blindfold!

Croatian Government Errors Examined

91BA0995A Zagreb DANAS in Serbo-Croatian
30 Jul 91 pp 20-22

[Interview with Darko Bekic, former adviser to Croatian President Franjo Tudjman, by Drazen Vukov Colic; place and date not given: "Mistakes of the Banal Palace"—first paragraph is DANAS introduction]

[Text] The adviser to Franjo Tudjman until recently on the inviolability of selected, erroneous assessments of the rights and strength of Serbs in Croatia; on unilateral patriotism; the tragic role of the emigre community; non-acceptance by Europe; the lack of respect for Muslims; the arrival of peacekeeping troops; opportunism at the top; and constitutional—and perhaps also territorial—concessions.

Darko Bekic lasted almost a year in the Office of the President of the Republic, about as long as he expected, although he could have "lasted even longer under other circumstances." As it is, the role of adviser is conceived as that of a democratic aide in democratic times, but it appears that the current political climate in enchanted Croatia is not very favorable to these kinds of European ideals. Hence the rather bitter settling of accounts and the subversive messages decided on by Darko Bekic as a man who bears and acknowledges "my own personal share of responsibility" for the current situation in Croatia, "which is under de facto occupation," and where "the Serb rebellion is in flames." Not only in Croatian relations with the world—the struggle for international recognition and the formulation of the confederal model, which were the areas in which Bekic was personally involved—but also in all other critical matters and decisions about which it is now being said—more or less openly—that they were embarked upon and implemented in a wrong or detrimental manner. From relations with the Serbs, to the flippantly promised current sovereignty, to the wrong approaches by the emigre community, and the false assessment of Muslims. A wide variety of stories are interwoven with his possible personal failures, but the fact remains that for a significant period of time, he—in addition to Letic, Sentij, and Nobilo—gave the Banal Palace a sense of "intellectual dignity," as a scholar from the ranks of the rare middle generation.

[Colic] You have mentioned two things: the period of one year and your own responsibility. To what extent have things gone differently during that year?

[Bekic] A year ago, we were full of enthusiasm and the belief that democracy had arrived and emerged victorious, but most of all we were proud that the victory had come without bloodshed. The single-party, totalitarian regime had been overturned without the loss of one human life. We thought that things would continue in the same way. However, not two months after the establishment of the new government, the crisis surrounding Knin emerged, and we arrived at today's wartime atrocities.

[Colic] Thus far, we have deluded ourselves into thinking that this is all a question of a few elements sent into

Croatia and of Greater Serbian policy. At the same time there have not been true talks with Serbs in Croatia. How do we start over?

[Bekic] The problem began when Josip Broz Tito left the political scene and when the Serbian political scene undertook a revision of the Tito era. Small-scale ambitions of imperialism were revived. The Croatian political scene, after many years of silence, was able to consolidate immediately before the elections in which state-creating national policy was victorious, and naturally its goal was to oppose the revival of Serbian imperialism. However, what was adopted was an outdated concept that was not based on any of the very latest accomplishments of political science. This is true in particular of relations between the Croat majority and the Serb minority in Croatia. In Croatia, there existed and there still exist two possibilities for resolving the national question. The one that was adopted during the AVNOJ [Anti-Fascist Council of People's Liberation of Yugoslavia] period is based on equality under conditions of a monopoly by the avant-garde political party, which regards all citizens as equal, regardless of the nationality or class to which they belong. This is what I previously called the Bakaric method of resolving the national problem in Croatia: Croats and Serbs renounced their national symbols, identities, traditions, political history, and faith. They all became warriors for the party. But in democracy, these national and political features would have to be fully affirmed. After the victory in the election, the Croat majority took full advantage of this opportunity: After 45 years of suppressing our national identity, we were suddenly inundated with revived national symbols, an emphasis on national identity, history, and myths. Amidst the hubbub, it was forgotten that the Serb minority, too, had achieved democracy, and that it had just as much right as the Croat majority to emphasize its four-pointed cross and its political interests. It was not realized that it is also a necessary consequence of democratization that a new model of resolving the national question in Croatia must imply full national affirmation and an emphasis on the special national qualities of all others as well as of the Croat majority.

Indeed, we were all unprepared for democratization. We had all gone through a single-party school system, without a true democratic tradition, so that we perceived the institutions and phenomena of democratic revolution literally and in a limited sense. We reduced democracy to election results and we adhered to them literally—not realizing that democracy is made up of an entire medley of institutions, from elections to a free press, to full opportunities for affirmation by the opposition, political and ethnic minorities.

It was not realized that Croatia's greatest weapon is openness and being democratic, not the strength of the regime.

[Colic] The crisis in Knin in fact began with the communal altercation surrounding the change in the sign at the entrance into the city.

[Bekic] Precisely. However, all these individual incidents were only a pretext. The reason for the Serb rebellion was the fact that they were defeated twice over in democratic elections in Croatia: Communist ideology failed in the elections, as did the regime with which they had identified for the past 45 years. They were solidly bound to that ideology, which provided for their equality, as well as—and this should not be covered up—a whole series of social, political, and other privileges. With the fall of that regime and of that ideology, their vital interests were affected.

[Colic] The ethnic group no longer identified with the state.

[Bekic] Right. I would add: nor with the ideology. That is bound up not only with the Serbs, but also with all ethnic groups in this area. A similar problem emerged in the Jewish community, which is similarly aware that the Communist Party and the NOB [People's Liberation Struggle] was the ideology that saved them. On the other hand, the establishment of a Croatian national state placed the Serbs into the position of a minority, which they could not accept politically because they felt that through their struggle in the Second World War they acquired for themselves a state-creating and fully equal position with the Croat nation in Croatia.

I would also recall a fact that seems important to me: Croatian Serbs all had the opportunity from 1941 to 1943 to join the Chetnik movement of Draza Mihajlovic, which internationally was regarded as an allied movement. Croatian Serbs could have become Chetniks without any pangs of conscience. However, they did not do so. The majority of them joined the Croat Communists who were engaged in a struggle against the Ustashi regime, and accepted the fight for a federal Yugoslavia, a federation in which there would be a federal Croatia and in which they would be equal members and citizens of a federal Croatia. It is on this fact that I would base the right of Serbs to a fully equal political position in Croatia. In that way, they provided proof of their loyalty to the Croat nation and to its struggle for its own national emancipation and sovereignty.

[Colic] It is said that Serbia is a victim of its policy of flippantly promised speed. In that case, could it not also be said that Croatia is currently suffering from its flippantly promised slogans?

[Bekic] I would support that theory and link it to another tenuous point of Croatian political strategy: the connection with and dependence on the viewpoints and support of so-called emigre Croats. In Croatian political tradition, political emigration plays a major role given a concurrence of events. More than among other nations. Back in 1915 you had a Yugoslav opposition that decided the Croatian national question from London, the result of which was the Kingdom of Serbs, Croats, and Slovenes. In the interwar period there were two emigre communities that emerged: the Ustashi in Italy, financed by Mussolini, and when Hitler came to power later on, the Comintern emigre community in Moscow. Both emigre communities were

critically involved in the future resolution of the national question in Croatia and in Croatia's political fate. With the occupation of Yugoslavia, this Ustashi emigre community had the opportunity to form a state. We know the results of this. After 1945, with the Allied victory, the Comintern emigre community got its chance, and it defined the political fate of Croatia as it had been mapped out by the Comintern back in the mid-1920's. This in the form of a federation that would extend all across the Balkans and then in the future, with the victory of worldwide revolution, as part of a world federation of socialist states. The political emigre community has always played a major role in Croatian policy, and I would also say an unfortunate, tragic one.

Now, it has once again been the case that in the preelection skirmishes the Croatian political parties sought the support of these emigre Croats. It is understandable that there is an objective interest in joining these two parts of the Croatian national entity. What happened was a peculiar sociological phenomenon. The Croat nation in the diaspora acquired everything that modern nations throughout the world have, they live under democratic regimes, they enjoy all civil rights and the respectable standard of living assured by the most highly developed countries. The only thing that they did not have was roots with which they could clearly show their friends and neighbors the place on the map from whence they came; what its flag looks like, what its symbols are, their ancestry. And they were willing to provide abundant financing for this last missing element of their political profile and national being. They sought to make Croatia sovereign and independent here and now, an independent state with its own symbols, flag, and coat of arms, in order to fulfill the last dream of their lives.

[Colic] They wanted to collect on their preelection credits immediately?

[Bekic] Exactly. And for that reason they were willing to finance those political forces that promised these goals. In this way, the regime in Croatia associated itself, to a certain extent uncritically, with that segment of the Croatian political emigre community that was willing to finance its own social or ethnic frustration, instead of associating itself with those who had achieved a certain amount of respectability and positions in the countries where they live and who could offer competent assistance to Croatia. I lived in the United States for several years, and I know that there are highly qualified professionals of Croatian descent there who were neither willing nor motivated to return and bring their influence and knowledge to bear in the development of Croatia, either in the economic or political sense. Support was sought among those who, precisely because they were frustrated and they do not represent much in the world, were willing to return immediately and collect on their many years of torment and suffering in emigration.

[Colic] We were looking for messiahs, not for experts, those who were unable to realize in the world what they wanted to realize in Croatia.

[Bekic] That is precisely how it could be stated. I am not saying that these people are not Croatian patriots and that they do not wish their nation well. But they have lost that necessary feeling shared by all of us who continued to live here, so to speak on the same floor with families of Serbian nationality: the instinct for democratic coexistence and the need for this democratic coexistence. While abroad, they closed themselves off in ethnic enclaves and picnics where they became Croaticized to their heart's content and thought that the same thing could also be done here in Croatia, in a national state.

[Colic] Apparently, what this means is that Croatia has arrived at a schism between the underestimated Serb question and the unresolved question of acclimatizing the newcomers.

[Bekic] At least in terms of political rhetoric and national radicalism, the middle stratum, which should have been taken advantage of to the maximum extent, has somehow been marginalized. But it is enslaved by this fruitless attempt to reprivatize that has been tirelessly pursued for a year now, and is not in a position to gain the upper hand. According to the latest data, we are once again seeing an exodus of specialists who are fleeing either because their enterprises have gone bankrupt or because they fear for their physical survival and safety and that of their children in a wartime situation.

[Colic] A new brain drain.

[Bekic] Precisely. In sociology it is known that there is no barrier above \$400 in per capita national income. If some engineer or doctor has an average monthly salary of \$3,000 or \$4,000, a car, a house, and a weekend cottage, then he has no need for war. He wants to maintain his standard of living, and if he cannot do so here, then he will go get it in the West.

[Colic] The question of interethnic rights cannot be resolved simply by saying that all citizens are equal under the law. Today, this is being discussed much more widely throughout the world. What does this mean in Croatia with respect to the Serbian question?

[Bekic] I am a postwar child, and in my education and professional and academic work at the Institute for Developing Countries I have concerned myself with the theory and policy of developing Third World countries and social modernization. The entire postwar period is a period of national emancipation. During the 1950's and 1960's, around a hundred national states appeared on the world political scene and became members of the United Nations. The postwar period is also a time of full appreciation for collective human rights. In contrast to individual human rights, these relate primarily to the rights of ethnic minorities. If you look at the problem of Serbs in Croatia from that point of view, then to me that problem is conceptually clear. During World War II, they emerged as an autochthonous, authentic political and ethnic force. They should not be simplistically reduced to a fifth column or a Trojan horse for Greater Serbian expansionism. They have their own specific historical experience, their specific

Orthodox civilization in an area that was characterized by the domination of the greater Catholic empire. They have had a very strong military aristocracy, and later their own commercial, entrepreneurial class and their large peasant base. This means that they are the typical social and ethnic structure that is now transformed into a modern nation, which should not be identified with or declared to be only a part of the Serbian state and serving only as a bridge for the expansion of that state. And for that reason, the Croat majority must find a *modus vivendi* with Serbs in Croatia, not only politically, but also institutionally. When I say this, I am thinking about the need for adjustments in the new democratic constitution of Croatia that will recognize the political and territorial autonomy of Serbs in Croatia within the framework of the Republic of Croatia.

[Colic] With whom should that be negotiated?

[Bekic] From a pragmatic political viewpoint, it is always those who have the authority to negotiate. I am aware that what I am saying is not shared by all Croats, just as I am aware that not all Serbs in Croatia are in favor of negotiations and a rational political and democratic solution to the problem. There are those who are pure mercenaries, who are in fact a fifth column. It is obvious that we cannot pretend that everyone on both sides will accept an agreement. However, we can achieve a compromise whereby the most competent political forces from both sides, who are willing to guarantee that what is agreed to is implemented, take part in these negotiations and impose the provisions on their nations.

[Colic] Simplified opinions concerning relations towards other nations as well are continuing to be revived here.

[Bekic] I approach the Muslim question and the statehood of Bosnia-Herzegovina in a similar manner and with the same political basis as the Serbian question in Croatia. I see Bosnian Muslims as a typical example of a new modern nation that came into the world during the postwar period, when the modern Malaysian or Indonesian or Bangladesh nation was created. Based on accelerated industrialization in Bosnia, especially after 1948 when all of Yugoslavia's heavy industry was moved to Bosnia for security reasons, a great Muslim working class was created from among the class of illiterate smallholders. A modern Muslim intelligentsia was created based on the explosion of education in Bosnia, so that what we have is the creation of a modern Muslim nation. To deny this is political blindness. We can no longer persist with outdated and wrong theories such as "If you press Bosnians, 80 percent will say that they are Croats, and 20 percent will say that they are Serbs." The only genuine and well-founded policy is to recognize the subjectivity of Bosnia and its statehood, as well as the real interest of the Muslim nation which, as a modern, young nation, can perhaps serve as a factor of stabilization and peace in this region within the context of existing geostrategic and geopolitical circumstances, and not as an object of dissension between Serbia and Croatia.

[Colic] Let us get back to the outside world: Sometimes it seems that we are constantly going back and forth in our

assessment that the world is on our side, but then we complain that they are very wicked.

[Bekic] Problems are presented in our relations with the outside world by the outdated theory that we have advanced for several months, and I too must acknowledge my responsibility for this. I am talking about the insistence that Croatia is a bulwark of European democracy, that in Croatia it is not only Croatian interests that are being defended, but also European interests, and that for that reason Croatia should be recognized by Europe. Experience shows that Europe does not accept this sort of definition. It wants a unified Europe extending from the Atlantic to Vladivostok, within which the entire Christian world, both Orthodox and Catholic, will be integrated; it does not accept the division that is so fatal for us in the Balkan region. The United States is in favor not only of a unified Europe, but also of a Euro-Atlantic community that will extend from Vancouver to Vladivostok and include everything that is really known as Western civilization. At the same time, it must be recognized that Europe is a Europe of nations and individual nations and traditional interests between Germany, France, Great Britain, and Russia. In this regard, the Balkan region has always been an area of rivalry between these forces. And even now they are confronted with their old differences that they no longer want. A unified Europe does not want to see the process of unification threatened by mutual animosities in the Balkan question. The same is true in relations between the two superpowers. It is not realistic to expect that the United States and the USSR will jeopardize the nuclear arms agreement because of differences in terms of resolving the crisis in the Yugoslav region. Nor will France or Germany allow themselves to be divided over Croatia and Serbia. Perhaps Croatian policy was unable to objectively consider these things in time, and perhaps it was even unaware of them. But this will certainly have a serious and ominous effect on the outcome of the political crisis in Yugoslavia.

[Colic] In that case, under what conditions would 10,000 peacekeeping forces under whatever auspices even want to come?

[Bekic] Only a flareup of the crisis, new victims, and the danger that the crisis will spill over across Yugoslavia's borders will create this critical mass of political pressure and political will in the countries of the European Community. This would have to lead to the sending in of peacekeeping forces. In the long run, I feel that Croatia will nevertheless succeed in ensuring and establishing its sovereignty and that it will be able to find a *modus vivendi* with neighboring nations. But in the process there will be new, and perhaps even great human and material sacrifices. Perhaps even in the territorial sense. Croatia had similar doubts in 1918 when it was able to become independent, but would have been very small. We had the chance and opportunity to develop, at a slower pace, a state structure, a defense system, and all the institutions of

public administration that are necessary in order to successfully run a state and even to transform the economic structure, but we fell victim to our own historical frustrations and impatience.

[Colic] This means that we must be willing to undertake a new type of negotiation and a change in the Constitution, and even to discuss borders. Do we have people who will do that in a period when extremes are growing stronger?

[Bekic] In both Croatia and Yugoslavia it will not be possible to arrive at any reasonable solution without the active involvement of international factors. It is obvious that an outside factor will also have to be more active in terms of the evolution of the political system in Croatia and in supporting certain political forces.

[Colic] Now you are leaving. Why this carousel of personnel in Croatian politics?

[Bekic] I think that in the state of war in which Croatia finds itself it is in fact difficult to expect that policy will be formulated democratically, and the post of advisor is typical of democratic politics. The structures are solidifying; we have a government, a higher government, and a supergovernment. These are the crisis staff, the government, the Supreme State Council, and the Office of the President of the Republic. There is an inflation of institutions, and an ever greater absence of competent and systematic political analysis and planning. There are too many people at the summit of power with sweaty palms and trembling voices when they talk with the authorities. But few who are able to sovereignly and competently defend their own positions and responses. Regardless of whether or not they are accepted.

The problem is that today patriotism and competence are judged on the basis of eagerness for war and defense, and not on the basis of support for peace, cooperation, and negotiation.

Slovene Official Interviewed on U.S. Visit

91BA0962B Ljubljana NEODVISNI DNEVNIK
in Slovene 24 Jul 91 p 4

[Interview with Igor Omerza, director of the Slovene Public Auditing Service, by Alenka Brezovnik; place and date not given: "Benevolence Is Scanty Assistance"]

[Text] Ljubljana, 24 Jul—Master of Arts Igor Omerza, chief director of the Public Auditing Service in the Republic of Slovenia, accompanied Dr. Dmitrije Rupel, the foreign minister, on a political mission for several days to the United States, and conducted several extremely important talks with financial experts. We talked with him about the success of the talks and the real possibilities for both international recognition of the Republic of Slovenia and economic investments in our economy.

[Brezovnik] The United States is quite certainly one of the most important keys to international recognition of the Republic of Slovenia, and an extremely important economic partner. How do you evaluate your mission?

[Omerza] If the United States recognized Slovenia politically, that would open up an important market and possibilities for obtaining loans, and we would also become more interesting to the United States itself. We must know that today Washington is the political and economic center of the world, with important institutions such as the International Monetary Fund, the World Bank, the IFC (International Financial Corporation), and numerous others, and consequently I accompanied Dr. Dmitrije Rupel in order to learn about the possibilities for Slovene cooperation, even before it is recognized as a sovereign state. I visited numerous economic institutions, but the most important was my visit to Lawrence Eagleburger, who in those days was acting as U.S. secretary of state in Baker's place. Eagleburger obviously has a very good command of economic issues, which is unusual for a diplomat, and so we spent a considerable part of our long conversation in talking about purely economic issues.

[Brezovnik] What, specifically, was the conversation about?

[Omerza] Dr. Rupel and I warned Eagleburger that the war in Slovenia had resulted in difficulties for the entire banking system abroad and in the United States. International loans and lines of credit had been broken off, and also businessmen and institutions had begun to avoid doing business with the Yugoslav and Slovene banking system, while the latter (Ljubljanska Banka) was known as the only one that had never missed a deadline for paying its obligations to creditors in the United States. Eagleburger promised that he would intervene with U.S. financial officials and try to use all his influence to normalize the attitude toward Slovenia in banking and other respects. We warned Eagleburger about Belgrade's monetary war against Slovenia. I told him that they were shutting us off from receiving an influx of cash and credit from our primary sources. He reacted very quickly to that part of the problem and said, "Well, then do it yourselves!" I answered him that we were already doing it, and that we would continue to do it, but that a bigger problem was the Belgrade central bank's ability to demand that the central banks of other states block our commercial and banking accounts throughout the world. I asked him, regardless of the well-known political independence of the American central bank (the Federal Reserve System), to use his influence nevertheless to keep such Serbian central bank demands from being complied with. Eagleburger thinks that the American central bank would not do anything like that, even without his intervention.

[Brezovnik] You obviously found a common language with the American deputy secretary of state. How does he view the Slovene economic blockade, and could he understand the extent of this problem because of our smallness?

[Omerza] He agreed that the economic blockade of Slovenia was a great danger to the young Slovene democracy. He asserted that the American Government did not want that to actually happen, and that he had promised several times in conversations that he would make an effort to ensure that

it did not happen. The Americans, in fact, do not have any interest in hampering the Slovene economy in any way whatsoever.

[Brezovnik] In addition to this political conversation, which is also very important, did you and Dr. Rupel also encounter institutions that would be willing to give us financial assistance?

[Omerza] We appealed to all the representatives of the institutions that we visited to begin separate talks with Slovenia, even before recognizing it, if possible, on various commercial and credit concessions. The World Bank and the IFC made it clear that separate cooperation with Slovenia prior to its international recognition was impossible. Those institutions are, after all, structured quite bureaucratically, and they are not ready for any changes, which, of course, was to be expected. The talks were consequently more or less informative, and also very useful.

More promising were the talks at American economic institutions, and especially the Overseas Private Investment Corporation, which is a government institution but operates strictly on a profit basis. They would perhaps be prepared to cooperate with Slovenia without Belgrade (in fact, they are now cooperating through Belgrade) if they received permission from the American Government, which, again, can hardly be expected. The Commerce Department takes the same position. In this regard I would like to say that Eagleburger indicated the possibility that the American Government would begin to deal separately with Slovenia politically and economically, even before recognition, since that has been done in the past, although rarely. All that depends upon Eagleburger and analyses in the highest American Government leadership.

[Brezovnik] The American Government, then, is rather cautious, since it has the specific responsibility, but what about the attitude of the senators toward the Slovene question?

[Omerza] We talked or at least met with congressmen as well, and many of them are very favorably inclined toward Slovenia. Congressman Nickelson is foremost in that regard. Many of them support separate economic treatment for Slovenia. I would like to warn the readers of NEODVISNIK DNEVNIK that as early as May, the American authorities warned that new economic assistance for Yugoslavia would be granted on a selective basis, and that American businessmen would decide on cooperation in light of the situation in individual republics.

[Brezovnik] One can therefore detect changes in the American attitude toward Slovenia, which was very rigid until recently. When can we expect recognition of our independence?

[Omerza] In such enormous systems as the American one, one has to expect that things will move slowly; but one can sense a clearly defined trend in Slovenia's favor. So that we do not surrender too much to illusions, it is necessary to say that the real possibilities for cooperation with Slovenia will be shown only after the actual recognition of Slovenia by the United States and other important countries.

Eagleburger and the government have stated several times that Slovenia could be recognized quickly if there were an agreement on this in Yugoslavia by peaceful means. Of course, recognition could also occur because of further violent interventions. The first and second options are open, but not the third. Both solutions can be settled in several months, and thus we could also become sovereign in several months; of course, the path will be difficult.

[Box, p 4]

Legislation Repels Foreign Investors

It is very difficult for American businessmen to offer investments or cooperation to Slovenia, whether we are recognized or not, especially because our economic legislation is so overwhelmingly unfavorable to such investments. I am thinking, above all, of the tax system, the lack of laws or positions on foreign investments, property, real estate, and land in Slovenia, and, above all, the draft law on privatization, which will repel not only domestic but also foreign investors. The distribution of socialized property and its unconditional return to its former owners are incompatible with the interests of entrepreneurship and capital investment, and of economic efficiency.

Slovene Goodwill Mission Visits Yugoslav Republics

91BA0962A Ljubljana DELO in Slovene 26 Jul 91 p 3

[Interview with Dr. Dusan Plut, member of the Slovene Presidency, by Slava Partlic; place and date not given: "The Goodwill Mission Is To Prepare the Way for Negotiations"—first paragraph is DELO introduction]

[Text] Dr. Plut, leader of the mission: "We have lived together and we will continue to live in the same area, and consequently our relations should at least be correct from now on"

Ljubljana, 25 Jul—At its meeting last night the Presidency of the Republic of Slovenia accepted the initiative from the parliamentary parties and put together a so-called goodwill mission that in the next few days is to visit all the Yugoslav republics, and in direct talks with their highest representatives, is to clear the way for future interrepublic parliamentary negotiations, which are nevertheless to begin in August, in accordance with the Brioni declaration.

The goodwill mission—if the offer to have Slovenes visit the other republics is accepted, naturally—will be headed by Dr. Dusan Plut, and will also include Vitodrag Pukl, vice president of the parliament; Dr. Andrej Ocvirk, deputy prime minister; Feri Horvat, president of the Slovene Economic Chamber; Jelko Kacin, minister of information; Dr. Joze Pucnik, president of Demos; Jozef Skolc, president of the Liberal-Democratic Party; and Miran Potrc, representative of the Reformers.

Dr. Dusan Plut, who is to head the goodwill mission, does not consider the mission entrusted to him to be a burden, but on the contrary, is instead delighted by it. He sees it as an opportunity to complete his knowledge of others. "In any

case, we have lived together for 70 years, and we will continue to live in the same area. We therefore have to do everything possible to ensure that our relations in the future are at least correct, even if no longer fraternal. I consequently understand the mission to be yet one more very serious, peace-loving offer from Slovenia for us to resolve all open mutual issues in a civilized, European manner."

[Partlic] And what is the mission's specific goal?

[Plut] The main goal is to break through the information blockade and present to partners on the other side what has happened in Slovenia, what our positions are like, and, naturally, to listen to their positions and views. I think that these talks will be an opportunity for us to come clean with each other, since only that can be a basis for future parliamentary negotiations, which will be very specific. In particular, they will deal with the issue of dividing up the rights and obligations which arise from our past life together. In those talks, it will finally be crystallized whether there are still any possibilities for any Yugoslav community to be established in this area. The first condition for seeking possible new ties, to be established on a real basis—and that basis can only be an economic one—is, for us, of course, an autonomous and independent Slovenia.

[Partlic] Whom would you like to have as an interlocutor on the other side?

[Plut] Our mission is composed in such a way that multi-level talks are possible, and consequently we would like to have as our interlocutors the highest political leadership in the other republics and representatives of their parliamentary parties.

[Partlic] You are not a negotiating team, to be sure, but in these goodwill talks to exchange information you will probably adhere to some sort of basic negotiating framework.

[Plut] Definitely. We will tell our interlocutors that we respect the five European criteria that determine any state's independence—self-determination of the people, respect for human rights, parliamentary democracy, protection of the rights of national minorities, and a European method of protecting the borders. With the withdrawal of the Army, Slovenia will also satisfy the last criterion, according to which Europe judges qualifications for independence. The issue which remains open in this case, and which is the heart of the dispute, is the issue of Yugoslavia's territorial integrity, on one hand, and the self-determination of peoples, on the other, or, in other words, who has a right to sovereignty—nations, or republics. The Slovene position on that issue is clear. If we really come clean with each other on this issue, that will be a great achievement for all future negotiations among the Yugoslav republics. Of course, in these talks we will also adhere to the framework determined by the Slovene plebiscite, the statement of good intentions, the fundamental constitutional document on autonomy and independence, the declaration of independence, and, of course, the Brioni declaration, which we in Slovenia accepted as one of the foundations for a peaceful settlement of the disputes in Yugoslavia and regarding Yugoslavia.

NTIS
ATTN: PROCESS 103
5285 PORT ROYAL RD
SPRINGFIELD, VA

2

22161

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Soviet Union, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be

provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735, or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.